

ANNUAL BUDGET OF

uThungulu District Municipality

2014/15 TO 2016/17

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

MARCH 2014

Copies of this document can be viewed:

- In the foyers of all municipal buildings
- At www.uthungulu.org.za

Table of Contents

List of Tables

List of Figures

Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
MWIG	Municipal Water Infrastructure Grant
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RBIG	Regional Bulk Infrastructure Grant
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

The Mayors report will be included once the Honourable Mayor has presented her 2014/2015 draft budget Speech before Council on Friday, 28 March 2014.

1.2 Council Resolutions

On 28 March 2014 the Council of UThungulu District Municipality met in the Council Chambers of UThungulu House to consider the draft consolidated annual budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1.2.1 The Council of UThungulu District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.2.1.1 The draft consolidated annual budget of the municipality and its entity for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:

1.2.1.1 (a) Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2 on page 70;

1.2.1.1 (b) Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3 on page 71;

1.2.1.1 (c) Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4 on page 72; and

1.2.1.1 (d) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5 on page 73.

1.2.1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1.2 (a) Budgeted Financial Position as contained in Table A6 on page 74;

1.2.1.2 (b) Budgeted Cash Flows as contained in Table A7 on page 75;

1.2.1.2 (c) Cash backed reserves and accumulated surplus reconciliation as contained in Table A8 on page 76;

1.2.1.2 (d) Asset management as contained in Table A9 on page 77; and

1.2.1.2 (e) Basic service delivery measurement as contained in Table A10 on page 78.

1.2.2 The Council of UThungulu District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:

1.2.2.1 the tariffs for the supply of water, sanitation, solid waste, cemetery and other miscellaneous fees – as set out in Annexure C

1.3 Executive Summary – uThungulu District Municipality

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. This has resulted in estimated expenditure of nearly R25.8 million for the 2014/15 financial year being reduced. Key areas where savings were realized was on staff costs due to reprioritisation of vacancies and limiting of overtime budget to 2% of remuneration, which is within the National Treasury's recommended benchmark of 4.5%, as well as a reduction in the budget for the following expenditure types being printing and stationery, subsistence and travel, accommodation and catering. Furthermore, it be noted that that budget for overtime has been aligned to the Council's overtime policy where only employees earning below the threshold as determined by the Minister of labour as well as employees deemed to be performing essential and emergency work are catered for.

The Municipality has over the years embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people led government. Added to this is the rollout of smart prepaid meters in some of our local municipalities where uThungulu is a water services provider.

Various National Treasury's MFMA Circulars were used to guide the compilation of the 2014/15 MTREF, with special emphasis on Circulars 71 and 72.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water and waste water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable; it be noted that the Municipality will be embarking on an exercise to ensure that tariffs are cost reflective, although we are not there yet we are moving towards that direction.

- The backlogs, unavailability of water sources and severe drought that has affected the District in recent years and have necessitated the provision of water through water tankers which is a very expensive way of providing water.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies. However, in the past three years this has been under control as a result of the three year wage agreement between the Employer body, SALGA as well as labour unions.
- It be noted that uThungulu's internally funded capital in terms of the draft budget accounts for 7% of the total capital budget, most of the capital budget is grant funded mainly through MIG, RBIG and MWIG which is for backlog eradication, and therefore this makes it very difficult to achieve the 40% benchmark as required by the National Treasury. However, it must be noted that the depreciation is now being partially cashbacked which will assist in increasing own Capital spend going forward.
- It must be further noted that a provision has been made under Technical Services contracts services for the asset management component to address the Technical aspect of the asset management.
- The district is predominantly rural and households are sparsely located thereby making billing and credit control an expensive exercise.
- The cost to operate and maintain newly rolled out projects when collection does not break even when compared to associated costs like chemicals and electricity and in some instances tariffs of water boards and other neighbouring WSA's.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs; the uThungulu District municipality has not attained that yet, but we intend to put together a strategy to move towards cost reflective tariffs with minimal impact on the consumer.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An in-depth analysis was done for the following items and allocations to these items had to be supported by a motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:

    - New positions, except those that are of critical importance;
    - Overtime limited to 2% of remuneration only for employees qualifying for such;
    - Furniture and office equipment;

- Ad-hoc travelling; and
- Delegations.

In view of the aforementioned, the following table is an overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2014/15 MTREF

2014/2015 Multi Year Budget Summary - Draft	2014/2015 MTREF	2014/2015 Budget	Change Amount	Change %	2015/2016 Budget	2016/2017 Budget	Total for **MTREF**
Revenue by Source							
- Grants & subsidies	425 066 000	417 201 000	-7 865 000	-1.85%	661 476 000	426 717 000	1 505 394 000
- Equitable Share	184 377 000	185 008 000	631 000	0.34%	197 511 000	212 470 000	594 989 000
- Levy Replacement Grant	197 121 000	197 121 000	-	0.00%	211 775 000	229 691 000	638 587 000
Total Government Grant & Subsidies	806 564 000	799 330 000	-7 234 000	-0.90%	1 070 762 000	868 878 000	2 738 970 000
Public Contributions			-				
- Richards Bay Minerals	2 000 000	-	-2 000 000	-100.00%	-	-	-
Total Public Contributions	2 000 000	-	-2 000 000	-100.00%	-	-	-
- Sundry Income	9 126 642	9 126 642	-	0.00%	10 312 998	10 359 991	29 799 632
- Interest Income	28 915 431	28 915 431	-	0.00%	30 650 356	32 489 377	92 055 164
Total Other Income	38 042 073	38 042 073	-	0.00%	40 963 354	42 849 369	121 854 796
Trading Services	55 540 894	56 956 850	1 415 956	2.55%	64 296 523	72 698 961	193 952 335
Prior Year Grant Funding	-0		0	0.00%	1 103 615		1 103 615
Surplus Brought Forward (2013/2014)	-	26 891 490	26 891 490	0.00%	27 041 760	11 855 493	65 788 743
Total Revenue	902 146 967	921 220 413	19 073 446	2.11%	1 204 167 252	996 281 823	3 121 669 489
Expenditure							
Non-trading services	142 524 802	153 227 382	10 702 581	7.51%	162 203 452	173 081 995	488 512 829
Trading Services	284 933 532	285 953 421	1 019 889	0.36%	332 782 005	378 717 193	997 452 620
Operational IDP	114 215 233	144 254 510	30 039 277	26.30%	122 611 666	113 035 635	379 901 811
Capital IDP & Internal Fixed Assets	403 673 400	368 656 446	-35 016 954	-8.67%	622 452 366	381 447 000	1 372 555 812
Total Expenditure	945 346 967	952 091 760	6 744 793	0.71%	1 240 049 489	1 046 281 823	3 238 423 072
LESS : DEPRECIATION	48 000 000	48 000 000	-	0.00%	52 000 000	55 000 000	155 000 000
TOTAL EXPENDITURE EXCL. DEPN	**897 346 967**	**904 091 760**	**6 744 793**	**0.75%**	**1 188 049 489**	**991 281 823**	**3 083 423 072**
SURPLUS (Cash backed Depreciation for Capital Reserve	**4 800 000**	**17 128 654**	**12 328 653**	256.85%	**16 117 763**	**5 000 000**	**38 246 417**
BUDGET SHORTFALL	**43 200 000**	**30 871 346**	**(12 328 653)**	-28.54%	**35 882 237**	**50 000 000**	
Less: Depreciation	43 200 000	30 871 346	(12 328 653)	-28.54%	35 882 237	50 000 000	
NET SHORTFALL	**(0)**	**0**	**-**		**(0)**	**0**	

Total revenue estimate inclusive of provisions, prior year grants and 2014 conditional grants has increased by 2% or R19m for the 2014/15 financial year when compared to the amount that was approved as part of the MTREF in the 2013/14 Budget. This is due to the difference in the 2014/15 projected grants contained in the 2013 DORA and the amounts published in the 2014 Division of Revenue Bill.

It is proposed that R17m of the current year’s depreciation be cash backed and that the VAT refunds on the MIG, MWIG and RBIG grants be used to accumulate cash backed reserves for this expenditure item. This will continue over the medium term with R16.1m being put aside for the 2015/16 financial year and R5m for the 2016/17 financial year. To be noted Council’s Funding and Reserves Policy is expected to be finalised together with the 2014/15 budget and that this will address this matter going forward.

For the two outer years, total revenue including conditional grants will increase by 30% and then decrease by 17% respectively, equating to a total revenue of R3 billion over the MTREF. The total expenditure budget over the MTREF is R3.2bn, inclusive of non-cash backed depreciation.

The detailed grant allocations from National Treasury, per the Division of Revenue Bill, 2014 was made available from the 26th February 2014 on National Treasury’s website.

Provincial allocations have also been published and have been included in the draft budget. The following table depicts the grant allocations as contained in the 2014 Division of Revenue Bill in comparison to the projections of the 2014 Division of Revenue Act grant allocation;

Table 2 Overview of the 2014/15 grants allocation for the MTREF

TOTAL ALLOCATIONS PER DORA 2014		DORA 2013	DORA 2014				DORA 2014		
Name of Grant	Responsible Dept	Budget 14/15 Forecast	Budget 14/15 Gazetted	Variance	% Change	Budget 15/16 Forecast	Budget 15/16	Variance	Budget 16/17
Equitable Share	Finance	184 377 000	185 008 000	631 000	0%	194 608 000	197 511 000	2 903 000	212 470 000
Levy Replacement Grant	Finance	197 121 000	197 121 000	-	0%	211 775 000	211 775 000	-	229 691 000
Municipal Systems Improvement Grant	Finance	934 000	934 000	-	0%	967 000	967 000	-	1 013 000
Water services operating & transfer subsidy	Technical	5 374 000	-	-5 374 000	-100%	5 000 000	2 650 000	(2 350 000)	3 000 000
Local Finance Management Grant	Finance	1 250 000	1 250 000	-	0%	1 250 000	1 250 000	-	1 300 000
Municipal Infrastructure Grant	Technical	172 173 000	172 063 000	-110 000	0%	182 507 000	178 136 000	(4 371 000)	186 488 000
Municipal Water Infrastructure Grant	Technical	61 262 000	37 412 000	-23 850 000	0%	165 365 000	109 483 000	(55 882 000)	91 069 000
Rural Transport Services & Infrastructure	Technical	2 305 000	2 305 000	-	0%	2 365 000	2 365 000	-	2 447 000
EPWP Incentive Grant	Technical	-	5 337 000	5 337 000	0%	-	-	-	-
Regional Bulk Infrastructure Grant	Technical	180 000 000	180 000 000	-	0%	360 000 000	360 000 000	-	138 000 000
Water Services Operating Subsidy (Grant-in-kind)	Technical	300 000	300 000	-	0%	300 000	400 000	100 000	500 000
Total Gazetted Grants		**805 096 000**	**781 730 000**	**-23 366 000**	**-3%**	**1 124 137 000**	**1 064 537 000**	**(59 600 000)**	**865 978 000**

To be noted that the new Equitable Share (EQS) allocation had a slight increase of R631,000 compared to the amount that was included in the 2013 Division of Revenue Act. The Equitable Share is then expected to grow by R9.6m, (5%), and R14.9m, (7.5%) respectively over the two outer years of the MTREF.

The Levy Replacement Grant remained unchanged from the 2013 projections with an estimated growth of R14.6m, (7.4%) and R17.9m, (8.4%) over the two outer years of the MTREF respectively. To be noted that National Treasury has not pronounced itself on the way forward regarding this grant, whereas it is noted that for metropolitan municipalities a fuel levy was introduced to replace this grant.

The allocation for Water Services Operating Subsidy grant has been allocated to the municipality only in the two outer years of the MTREF. These allocations are R2.6m for 2015/16 and R3m for 2016/17.

The Municipal Infrastructure Grant has been allocated at R172m, there is a minimal decrease of R110,000 when compared with the 2013 projections, it is expected that this grant will increase to R178m in the 2015/16 financial year and thereafter increase to R186m in 2016/17.

The Municipal Water Infrastructure Grant (MWIG) is aimed at facilitating the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service. The MWIG allocation for the ensuing financial year is R37m in 2014/15, R109m in 2015/16 and thereafter decreasing to R91m in the 2016/17 financial year.

The Regional Bulk Infrastructure Grant (RBIG) has been allocated R180 for the 2014/15 financial year, this grant will double to R360m in the 2015/16 financial year and thereafter decrease to R138m in the 2016/17 financial year.

Other grants that have been allocated to the district are;

- Finance Management Grant
- Municipal Systems Improvement Grant
- Rural Transport Services and Infrastructure grant
- EPWP Incentive Grant
- Water Services Operating Subsidy Grant (Grant in kind)
- Biogas Grant
- Corridor Development Grant
- Planning Shared Services Grant
-

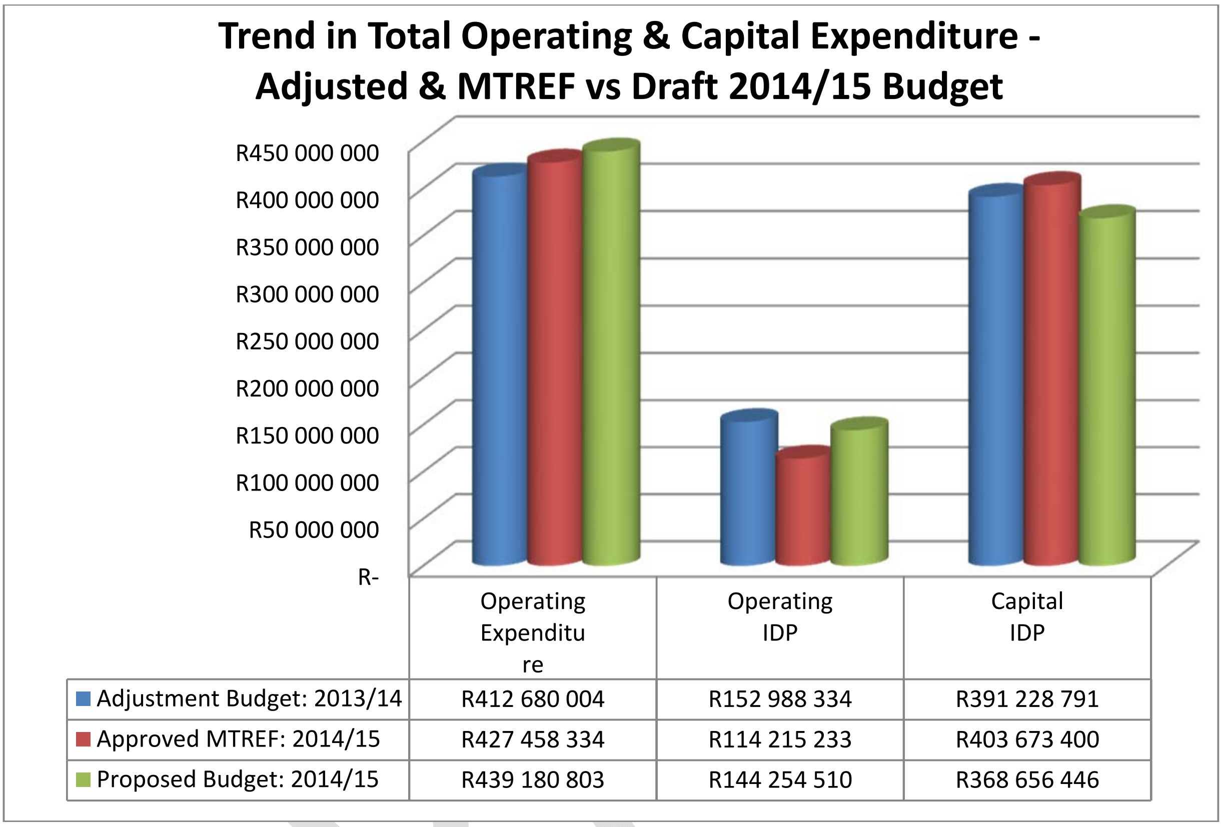
The total operating expenditure for the 2014/15 financial year has been appropriated at R583.4m. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by an average of 3 per cent in the 2014/15 budget and by 5.8% and 7.6% for each of the respective outer years of the MTREF.

The operational IDP projects budget for 2014/15 have decreased by 6% compared to the 2013/14 adjustment budget, this budget further decreases by 15% in 2015/16 and then by 8% in the 2016/17 financial year. This declining trend is due to the impact on operational budget that is caused mainly by the increase in bulk water and electricity tariffs as well as a rise in the Operations and maintenance costs of the water schemes due to aging infrastructure. This then results in less funds being available to carry out operational IDP projects and well as grants from Provincial and National government to fund these type of projects having decreased. It being noted that the adjustment budget includes roll over funding.

The capital budget of R369m for 2014/15 is 6% less when compared to the 2013/14 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. Furthermore, the 2013/2014 Capital Budget includes rollover projects from the previous years which were only finalised in the 13/14 financial year, therefore there appears to be a decrease from 2013/14 to 2014/15. The capital programme increases to R622m in the 2015/16 financial year and then decreases to R381m in the 2016/2017 financial year, which translates to a total capital budget of R1.4b over the medium term.

To be noted that a substantial portion of the capital budget will be funded from the MIG and the Regional Bulk Infrastructure Grant over MTREF as well as the Municipal Water Infrastructure (MWIG) grant which has been introduced during the 2013/14 financial year, The grant is aimed at accelerating the delivery of clean water to communities that do not have access to basic water services. The grant provides funding for municipalities to plan and implement various projects; including the construction of new infrastructure and the refurbishment and extension of existing water schemes. To be noted that the Regional Bulk Infrastructure grant is an in-kind grant from DWA and uThungulu has entered into an agreement with the funder to act as an implementing agent for this project. Capital grants will contribute 93%, 97% and 99% of capital expenditure in each of the respective MTREF years.

The figure below graphically depicts the split of the final budget for 2014/15 between Operational and Capital vs the 2013/14 Adjusted budget and the 2014/15 budget approved as part of the multi year budget in May 2013.



	Operating Expenditu re	Operating IDP	Capital IDP
Adjustment Budget: 2013/14	R412 680 004	R152 988 334	R391 228 791
Approved MTREF: 2014/15	R427 458 334	R114 215 233	R403 673 400
Proposed Budget: 2014/15	R439 180 803	R144 254 510	R368 656 446

Figure 1 Operating & Capital Budget for the 2014/15 financial year

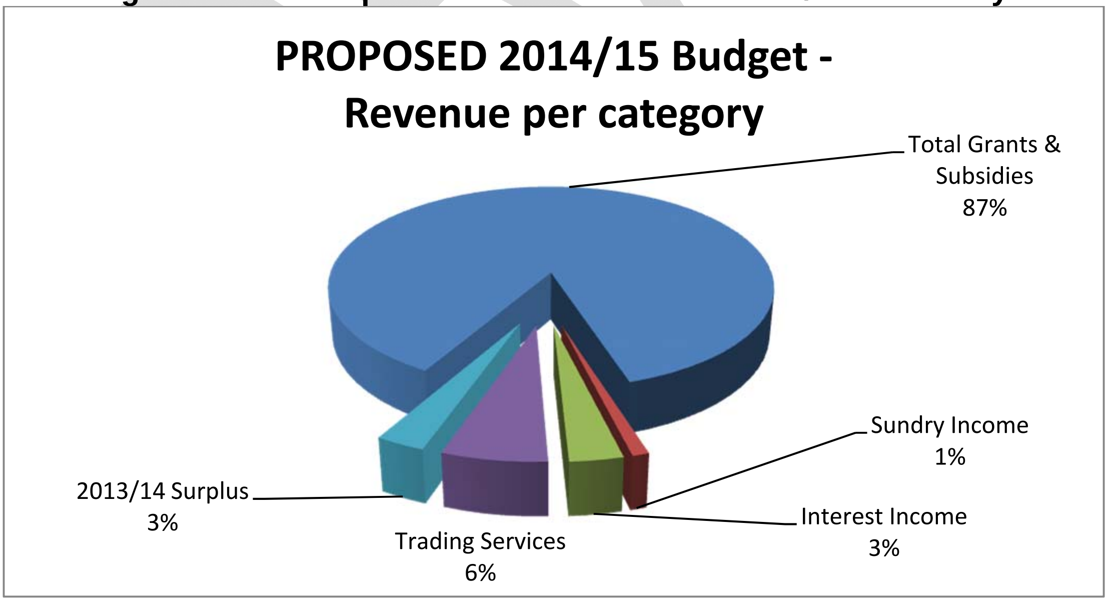
1.4 Operating Revenue Framework

In order for uThungulu District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and expected economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for Water, Sanitation and Solid Waste service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The rollout of prepaid water meters (smart meters) to all indigent consumers and new water projects;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service, while taking into account the affordability levels of the consumers;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and Incentive policies and rendering of free basic services; and
- Tariff policies of the Municipality.

Figure 2 Revenue per Classification for the 2014/15 financial year



The figure above indicates the 2014/15 municipal revenue per service.

The above graph depicts the municipality's reliance on grants and subsidies making up 87% of the revenue source. Trading Services is the second at only 6%, interest income 3% and anticipated surpluses from 2013/14 amounting to 3%.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 3 Summary of revenue classified by main revenue source

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source									
Service charges - water revenue	30 125	35 616	33 305	32 053	34 053	34 053	34 942	38 436	42 279
Service charges - sanitation revenue	3 513	3 740	4 605	4 759	4 759	4 759	5 363	5 899	6 489
Service charges - refuse revenue	7 239	8 445	11 722	13 700	12 720	12 720	16 440	19 728	23 673
Service charges - other	316	217	270	285	285	285	213	234	257
Rental of facilities and equipment	38	34	–	–	–	–	–	–	–
Interest earned - external investments	24 150	26 998	27 114	27 033	28 013	28 013	25 113	26 620	28 217
Interest earned - outstanding debtors	56	40	34	246	1 207	1 207	3 803	4 031	4 273
Transfers recognised - operational	282 180	349 642	396 374	409 252	411 677	412 401	457 075	466 775	457 821
Other revenue	12 897	8 703	10 136	36 827	184 596	184 596	36 018	38 458	22 215
Gains on disposal of PPE	601								
Total Revenue (excluding capital transfers and contributions)	361 115	433 433	483 560	524 156	677 311	678 035	578 965	600 180	585 225

Table 4 Percentage of revenue by main revenue source

Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Revenue By Source								
Service charges - water revenue	34 053	5%	34 942	6%	38 436	6%	42 279	7%
Service charges - sanitation revenue	4 759	1%	5 363	1%	5 899	1%	6 489	1%
Service charges - refuse revenue	12 720	2%	16 440	3%	19 728	3%	23 673	4%
Service charges - other	285	0%	213	0%	234	0%	257	0%
Rental of facilities and equipment	–	0%	–	0%	–	0%	–	0%
Interest earned - external investments	28 013	4%	25 113	4%	26 620	4%	28 217	5%
Interest earned - outstanding debtors	1 207	0%	3 803	1%	4 031	1%	4 273	1%
Transfers recognised - operational	411 677	61%	457 075	79%	466 775	78%	457 821	78%
Other revenue	184 596	27%	36 018	6%	38 458	6%	22 215	4%
Gains on disposal of PPE				0%		0%		0%
Total Revenue (excluding capital transfers and contributions)	677 311	100%	578 965	100%	600 180	100%	585 225	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, Gazette 32141, issued 17 April 2009, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from service charges forms a minimal percentage of the internally generated funds of the Municipality, that being the interest on investments and service charges. The Interest on external investments has decreased when comparing with the 2013/14 Adjustments Budget. A notable trend is the increase in the total percentage

revenue generated from water services charges which increases from R34m in 2014/15 to R42m in 2016/17. The water sales contribution to the total service charges revenue is 61%, 60% and 58% for the MTREF. The above table excludes revenue foregone arising from rebates associated with the tariff policies of the Municipality.

Solid Waste is the second largest revenue source totalling 29 per cent or R16 million rand and increases to R23.6 million by 2016/17. Another source of revenue is 'other revenue' which consists of various items such as income received from issuing of tender documents, map production and miscellaneous fees. The municipality will review the tariffs of these items on an annual basis to ensure we steadily move to a point where these are cost reflective and market related.

Operating grants and transfers totals R457 million in the 2014/15 financial year and increases to R467 million by 2015/16 and decreasing back to R457 million in 2016/17. Note that the year-on-year growth for the 2014/15 financial year is 11% and 2% in 2015/16 and decreasing by 2% by 2016/17 financial year.

Tariff-setting is a very important and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality. The proposed tariffs were discussed at length in the Budget Steering Committee meeting and a consensus was reached to increase the tariffs in such a way that it will have a minimal impact on the District citizens.

National Treasury, in its MFMA Circulars 70 and 72 issued in December 2013 and March 2014 respectively, continues to encourage municipalities to keep increases in tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment which will in turn result in a huge debtors book.

The percentage increases of both Eskom and bulk water tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, they impact on the municipality's cost of service provision. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. As per MFMA Circular 72, municipalities are advise to provide for an 8.06 per cent increase in the cost of bulk purchases for the tabled 2014/15 budgets and MTREF.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this

framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Sale of Water and Impact of Tariff Increases

The water Tariffs have been increased on average by 10% as a result of increases in the cost of chemicals and maintenance of the ageing infrastructure in some areas, as well as the bulk cost from Eskom and other major suppliers. It must be noted that consideration has been given to National Treasury's objective of tariffs being cost reflective by 2014, however Council has considered the plight of poor residents in the tariff determination process and have thus agreed on an increase which though higher than National Treasury's guideline also attempts to attain cost reflective tariffs over the long term. The free basic water of 6kl is still applicable in the coming financial year only to domestic consumers, however registered indigent consumers shall benefit from 10kl of free water per month.

The roll out of prepaid meters commenced in the 13/14 financial year and the impact thereof will start materialising in the 2014/2015 financial year, wherein we would envisage the gradual reduction in arrear debts. However cognisance must be drawn to the possibility that consumers who have prepaid systems may start exercising water conservation mechanisms and thus reduce their demand for potable water which may affect the revenue generated. The cost of providing the water function in the 14/15 budget year amounts to R321m and revenue generated is a mere R35 m therefore R286m is funded from both the equitable share and the levy replacement grant.
The proposed tariffs for households (residential) and non-residential consumers are detailed on Annexure C of the medium term budget report.

1.4.2 Sanitation and Impact of Tariff Increases

As a result of all local municipalities having to comply with the Municipal Property Rates Act, Act 6 of 2004, it is now possible to calculate the sanitation tariffs for the district based on the new valuation rolls from these municipalities. The valuation rolls per KZ has been completed and the district has utilised these in the calculation of the sanitation tariffs, hence the implementation of the new sanitation tariffs commenced in the 2010/11 financial year. Subsequent to the adoption of valuation rolls in the 2010/2011 financial year, a further valuation roll was published by the Local Municipalities effective from 01 July 2012. The tariff increase for 2014/2015 has been determined at 10%.

Domestic Sewer tariffs have been revised to R0,00509 per rand value of the property. The minimum and maximum charge will be R 46.38 and R 180.86 per month respectively.

Business sewer has also been revised to R0.00509c per rand value of the business property. The minimum and maximum charge is R 120.58 and R 1,205.77 month respectively.

A detailed listing of applicable sanitation tariffs is contained on Annexure A of the medium term budget report.

1.4.3 Regional Solid Waste – Landfill Site

The average increase in the tariff for the 2014/2015 year is 20%. Following the feasibility studies performed, Council needs to increase its solid waste tariffs above inflationary levels for at least 5 years, for the site to become financially viable. The municipality is also investigating the possibility of generating additional revenue from the landfill site through recycling activities and methane gas extraction; these will in turn extend the useful life of the landfill site, however these initiatives are in the infant discussion stage.

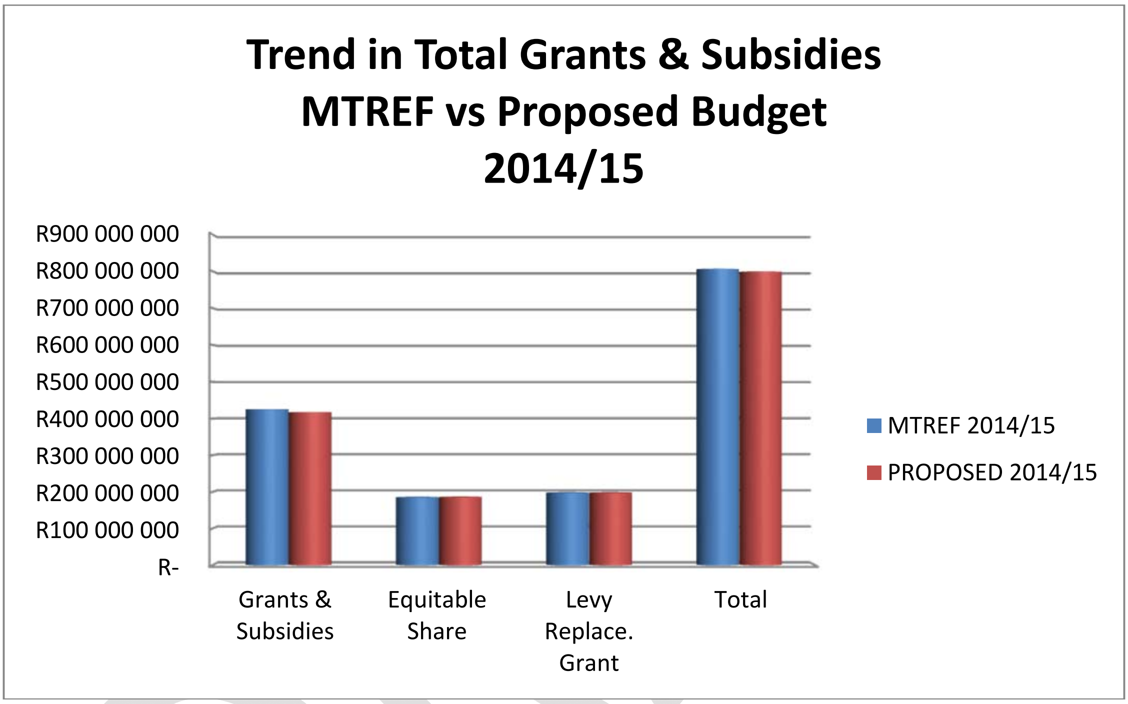


Figure 3 Grant Revenue for the Final Budget 2014/15 vs MTREF Budget 2014/15

The above graph pictorially depicts the municipality's dependency on grants equating to a total of R799m for the 2014/15 financial year compared to R809m for the 2014/15 MTREF budget.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The Operations and Maintenance costs of the District's 284 water schemes.
- Balanced budget constraints (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the Water Services Development Plan and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type									
Employee related costs	86,623	88,085	99,493	138,704	130,369	130,369	155,288	164,077	177,065
Remuneration of councillors	5,492	7,870	8,523	9,277	9,727	9,727	10,584	11,261	11,982
Debt impairment	6,436	8,024	4,190	8,096	13,205	13,205	7,993	8,502	8,722
Depreciation & asset impairment	40,061	36,543	50,493	45,827	45,827	45,827	48,872	52,920	56,970
Finance charges	12,699	11,901	13,490	11,460	11,460	11,460	7,988	7,988	8,432
Bulk purchases	24,470	29,204	29,466	25,082	30,520	30,520	26,462	41,733	52,500
Other materials	–	–	–	299	299	299	367	389	409
Contracted services	60,161	63,005	65,270	80,721	83,677	83,677	95,957	106,593	118,961
Transfers and grants	–	–	11,127	11,857	11,857	11,857	13,119	12,894	12,872
Other expenditure	129,401	154,726	189,029	194,755	228,002	228,727	216,805	211,240	216,923
Loss on disposal of PPE	–	419	–	–	–	–	–	–	–
Total Expenditure	365,344	399,776	471,082	526,077	564,944	565,668	583,435	617,597	664,835

The budgeted allocation for employee related costs for the 2014/15 financial year totals R155m, with a further R2.7m which has been put aside to provide for any contingencies during the course of the financial year, considering the current appeal by the labour unions at the Bargaining Council regarding the 8.48% wage curve increase. The total employee related costs budget, including Councillors remuneration equals 28.43 per cent of the total operating expenditure. The current three year collective wage agreement is in its third and final year and provides for an increase of CPIX plus 1% for the 2014/15 financial year, an increase of 6.8% on employee related costs has been budgeted for. As part of the Municipality's cost reprioritization new and vacant positions were thoroughly analyzed and only critical vacancies within the Municipality were accommodated. In addition expenditure against overtime has been significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions and limited to only 2% of the remuneration. Overtime for Senior managers and employees exceeding a remuneration threshold as determined by the Minister of Labour from time to time has not been budgeted for.

Furthermore, medical aid budget was not provided for employees who are currently not on medical aid, this will be revised during the mid year review. Should any employees join during the first six months, a provision will then be made in the January 2015 adjustment budget. This will assist to free up funds which end up being tied up in the medical aid budget and not being used most of the time.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. The total budget for Councillors' allowances for the 2014/15 financial year is R10.5m. An estimated increase of 6.8% has been applied for the Councillors remuneration.

The provision for debt impairment was determined based on an annual collection rate of 92 per cent and the Credit and Debt Collection Policy of the Municipality. For the 2014/15 financial year this amount equates to R7.9 million and escalates to R8.7 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informs the total cost associated with rendering the services of the municipality, the municipality's realistically anticipated revenues and also has to be cash backed.

Provision for depreciation and asset impairment has been informed by the Municipality's Property, Plant & Equipment Policy. Depreciation is considered to be a rate at which the asset is being consumed. Budget provisions in this regard total R48.8 million for the 2014/15 financial and equates to 8 per cent of the total operating expenditure. To be noted that the implementation of GRAP 17 accounting standard has meant bringing a number of assets previously not included in the assets register onto the register. This exercise was done for the 2010/2011 financial year and has resulted in a significant increase in depreciation in relation to prior years. To be noted that the accumulated depreciation for the municipality amounts to R235m as per 2012/13 Annual Financial Statements. The municipality's Funding and Reserves policy is currently being researched and developed in order to deal with this matter. However, R17.1m of the 2014/15 financial year's depreciation is cash backed to provide for the Capital Reserve and this will continue over the medium term provided the municipality's revenues do not change.

Finance charges consist primarily of the repayment of interest on long-term loans. These charges make up 1.3 per cent (R7.9 million) of the total operating expenditure for 2014/15. This expenditure item is not expected to increase in the medium term as the municipality is not intending to take up any loans in the current MTREF. To be noted that the municipality annually appoints a reputable credit rating agency to determine the creditworthiness and the financial health of the municipality.

Bulk purchases are directly informed by the purchase of bulk water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Contracted services consists mainly of the SSA contract, which amounts to R61.5m (64%), and is currently outsourced to WSSA. To be noted that as part of the tender specifications, WSSA also undertakes repairs and maintenance of the water schemes in the uThungulu District, the total budget for this tender is budgeted for at R95m for the 2014/15 financial year.

This function was outsourced after a thorough investigation as required by section 78 of the Municipal Systems Act. The new tender was awarded during the 2013/14 financial year. As part of the process of identifying further cost efficiencies, one of the requirements for the new tender will be a skills transfer to build in-house capacity for certain aspects of the function that are currently being contracted out. Other major items included in Contract Services are as follows;

- Fire fighting Services R1.8m
- Environmental Health R5.8m
- Meter reading, Debt recovery & Cash Management R2m
- Water Use Efficiency, Asset and Contract Management R5.8m
- IT Services R2.2m
- Internal Audit & Audit Committees R2m
- Auditor General's Fees R4m

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5.4 per cent for 2014/15 – 2016/2017 MTREF. To be noted that included in other expenditure is Operational IDP projects amounting to R144m, which makes 66% of the Other expenditure category.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.

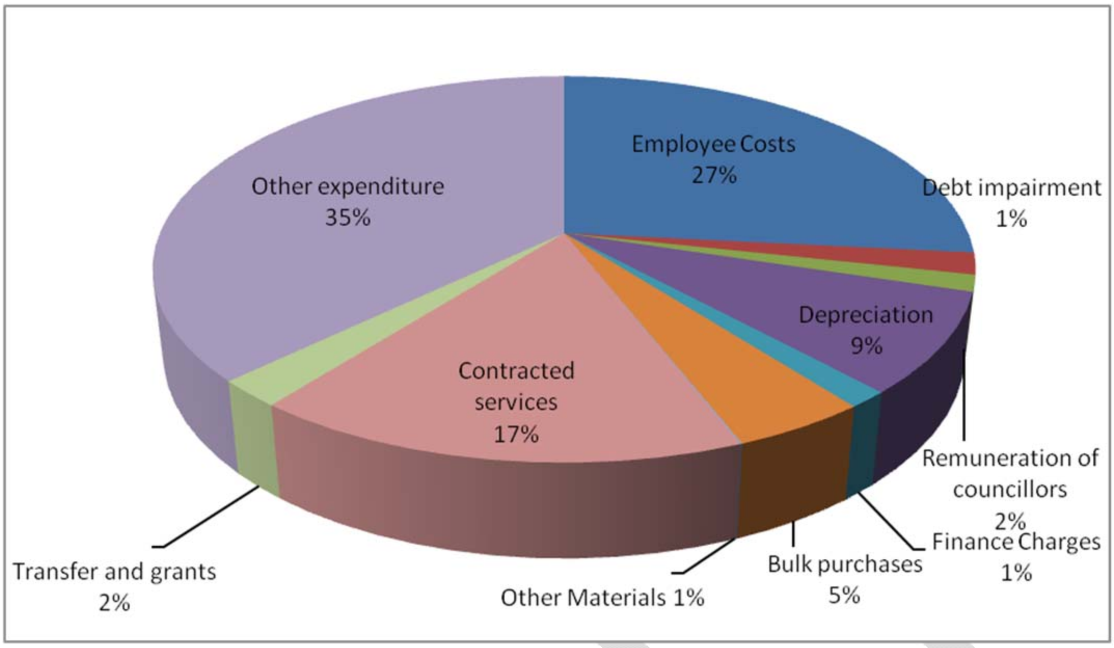


Figure 4 Main Operational Expenditure Categories for the 2014/15 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance.

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. Repairs and maintenance has been budgeted for at R33 million for the 2014/15 financial year. In relation to the total operating expenditure, repairs and maintenance contributes 8% of the total operating expenditure for the respective financial years of the MTREF.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement) on page 82.

The cost of the social package of the registered indigent households is largely financed by National government through the local government equitable share received in terms of the annual Division of Revenue Act.

Figure 5 Operational Expenditure by Vote (Incl. IDP Projects) for the 2014/15 financial year.

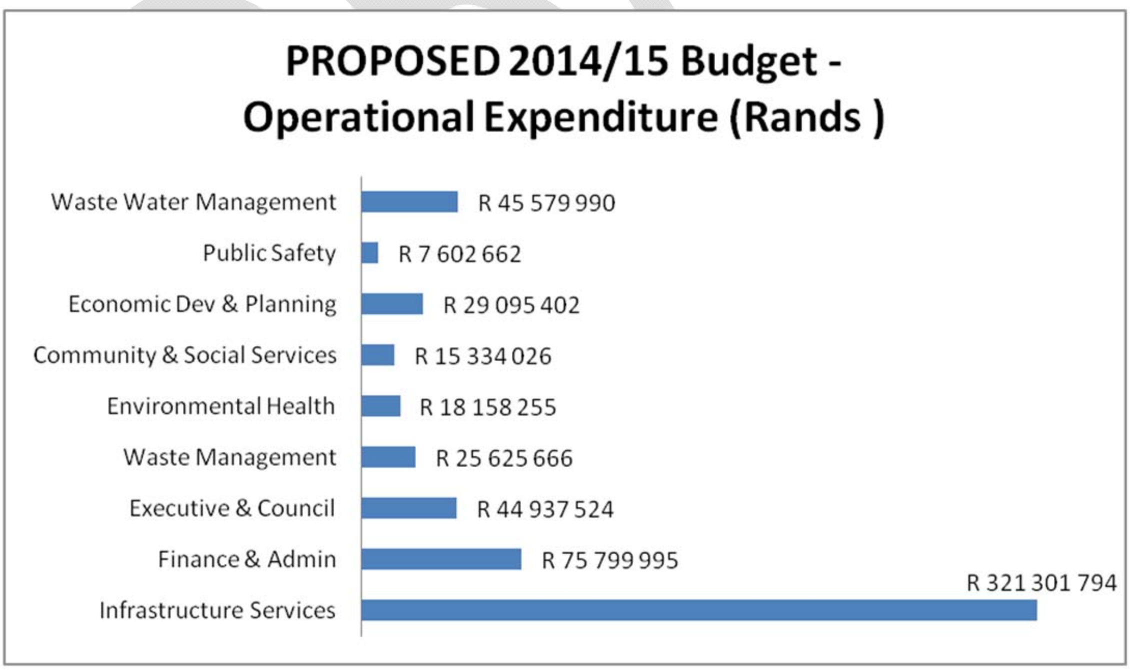


Table 6: -- Detailed listing of the Operational IDP Projects for the medium Term

Operational Projects	Funding	2014/15	2015/16	2016/17
Energy Master Plan Review	Surplus	-	500 000	-
Rural Transport Services & Infrastructure	RAMS	2 305 000	2 365 000	2 447 000
Auxillary Infrastructure Total		**2 305 000**	**2 865 000**	**2 447 000**
Community Participation Programme	Surplus	100 000	100 000	100 000
Implementation of S81 - Amakhosi	Surplus	150 000	150 000	150 000
Board & General Total		**250 000**	**250 000**	**250 000**
Insurance Claims (Operational)	Surplus	100 000	100 000	100 000
Budget & Insurance Total		**100 000**	**100 000**	**100 000**
Develop/Implement Air Quality Management Plan	Surplus	-	250 000	-
Integrated District Education Programme	Surplus	112 826	116 282	119 861
Integrated District Skills Development Programme	Surplus	100 000	100 000	100 000
Crime Prevention Programmes	Surplus	150 000	150 000	150 000
Gender Equality Programme	Surplus	200 000	100 000	100 000
Children's Rights Programmes	Surplus	200 000	200 000	200 000
Senior Citizens' Programme	Surplus	200 000	200 000	200 000
Disability Programme	Surplus	200 000	200 000	200 000
Culture, Arts and Heritage	Surplus	250 000	250 000	250 000
Youth Programmes	Surplus	400 000	250 000	300 000
Operation Sukuma Sakhe	Surplus	400 000	400 000	400 000
Sport Development	Surplus	400 000	400 000	400 000
District Elimination Games	Surplus	450 000	450 000	450 000
District HIVAIDS Programme	Surplus	650 000	650 000	650 000
SALGA KZN Games	Surplus	2 200 000	2 200 000	2 200 000
Community Serv Total		**5 912 826**	**5 916 282**	**5 719 861**
Debtor Database Cleansing & Reporting	Surplus	170 000	-	
Water Meter Audit	Surplus	170 000	170 000	200 000
Clean Audit 2014 - Credit Control	Surplus	843 400	-	-
Non Revenue water reduction implementation	Surplus	1 264 683	1 500 000	750 000
Consumer Billing Total		**2 448 083**	**1 670 000**	**950 000**
Disaster Management Plan Review	Surplus	-	100 000	100 000
District Advisory Forum	Surplus	15 000	15 000	15 000
International Day for Disaster Risk reduction	Surplus	60 000	70 000	80 000
Disaster Risk Reduction Programme	Surplus	75 000	100 000	100 000
Establishment of Disaster Management Volunteers Programme	Surplus	80 000	100 000	100 000
Disaster Stock Items	Surplus	210 000	210 000	250 000
Disaster Management Total		**440 000**	**595 000**	**645 000**
Asset Care Centre	MSIG	326 900	338 450	400 000
Expenditure Total		**326 900**	**338 450**	**400 000**
Finance Workstudy	MSIG	46 700	48 350	**60 000**
Risk Management Strategy - King III	Surplus	100 000	100 000	150 000

Operational Projects	Funding	2014/15	2015/16	2016/17
Enterprise Risk Management	Surplus	220 000	220 000	220 000
uThungulu Financing Partnership	Surplus	9 529 774	9 529 774	9 529 774
Finance Executive Total		**9 896 474**	**9 898 124**	**9 959 774**
IT Security Management	Surplus	633 000	667 815	-
BCP	Surplus	500 000	1 000 000	500 000
IT Section Total		**1 133 000**	**1 667 815**	**-**
Actuarial Valuations	Surplus	50 000	55 000	59 000
Clean Audit 2014 & beyond - AFS & Consolidations	MSIG	123 600	136 800	173 000
Credit Rating	Surplus	100 000	100 000	110 000
Insurance Claims (Operational) Budget	Surplus	100 000	100 000	
Clean Audit 2014 & beyond - AFS & Consolidations	MSIG	156 600	153 300	180 000
Clean Audit 2014 - MFMA Committees SCM	MSIG	186 800	193 400	200 000
Management Accounts Total		**717 000**	**738 500**	**722 000**
Implementation of Occupational Health & Safety Act	Surplus	100 000	100 000	100 000
Employee Assistance Programme	Surplus	200 000	400 000	400 000
TASK Job Evaluation Implementation (Est. of payscales)	Surplus	2 760 749	600 000	500 000
Organisational Workstudy	Surplus	500 132	-	-
Management Services HR Total		**3 560 881**	**1 100 000**	**1 000 000**
IGFR Policy Development	KZN - COGTA	46 700	48 350	-
Batho Pele Principles	KZN - COGTA	46 700	48 350	-
UThungulu Web-site Development	Surplus	-	100 000	100 000
Fraud & Corruption Prevention	Surplus	100 000	100 000	100 000
Events	Surplus	180 000	200 000	200 000
Marketing	Surplus	250 000	200 000	200 000
IDP Roadshows	Surplus	1 200 000	1 200 000	1 100 000
MM's Department Total		**1 823 400**	**1 896 700**	**1 700 000**
Renewable Energy - Biogas	KZN - COGTA	2 700 000	-	
Municipal Infrastructure Implementation Total		**2 700 000**	**-**	**-**
Review of Tourism Development Plan	Surplus	-	-	100 000
Review of Agricultural Development Plan	Surplus	-	-	100 000
LED Forum	Surplus	10 000	10 000	10 000
Urban Cultural Tourism	Surplus	20 000	20 000	20 000
Domestic Family Tourism	Surplus	20 000	20 000	20 000
GIS Development Training	Surplus	20 000	40 000	20 000
District Coastal Working Group	Surplus	20 000	20 000	20 000
Implementation of LED Framework	Surplus	50 000	50 000	50 000
Cruise Ship Tourism	Surplus	50 000	50 000	50 000
Tourism Awarenes & Safety	Surplus	50 000	50 000	50 000
Craft Marketing & Development Strategy	Surplus	50 000	50 000	50 000
Implementation of SMME Plan	Surplus	50 000	50 000	50 000
Strategic Environmental Assessment	Surplus	50 000	-	

Operational Projects	Funding	2014/15	2015/16	2016/17
ZuluLand Development (Birding)	Surplus	80 000	50 000	50 000
District Information Management System	Surplus	100 000	100 000	100 000
LED Development Fund	Surplus	100 000	50 000	60 000
LED Operational Support Programme	Surplus	100 000	50 000	50 000
Great Forests of Zululand	Surplus	100 000	100 000	100 000
Tourism Media Marketing (Media)	Surplus	100 000	60 000	60 000
Tourism Marketing tools & Website	Surplus	100 000	80 000	80 000
Agricultural Development & Implementation	Surplus	100 000	100 000	150 000
District Housing Plan	Surplus	100 000	-	-
Implementation of Coastal Management Programme	Surplus	100 000	100 000	100 000
Tourism Marketing: Shows	Surplus	150 000	150 000	150 000
Film Office	Surplus	150 000	150 000	150 000
SMME Fairs	Surplus	200 000	200 000	200 000
Annual IDP Review	Surplus	200 000	200 000	200 000
Growth & Development Summit	Surplus	220 000	200 000	200 000
Tourism Development Implementation	Surplus	300 000	200 000	200 000
Quality of Life Survey	Surplus	350 000	350 000	350 000
Agricultural Summit	Surplus	400 000	-	400 000
Review of Spatial Development Framework	Surplus	500 000	300 000	-
Tourism Development Plan Review	Surplus		-	250 000
Corridor Development (NEW GRANT)	KZN - COGTA	9 700 000	3 000 000	3 000 000
Planning & Development Total		**13 540 000**	**5 800 000**	**6 390 000**
MIG Projects Advertisements	MIG	100 000	100 000	100 000
PMU - MIG Total		**100 000**	**100 000**	**100 000**
Intergrated Waste Management Plan	Surplus	500 000	-	
Ntambanana Solid Waste	Surplus	7 181 000	7 473 000	7 897 000
Waste Management Total		**7 681 000**	**7 473 000**	**7 897 000**
281-5 VIP Sanitation Project	MIG	-	-	10 000 000
286-7 - VIP Sanitation Project	MIG	-		8 000 000
284-8 - VIP Sanitation Project	MIG	-		15 000 000
National Sanitation Week	Surplus	55 000	55 000	55 000
283-4 Sanitation Project	MIG	1 000 000	-	-
284-6 - VIP Sanitation Project	MIG	2 100 000	-	-
281-4 VIP Sanitation Project	MIG	10 000 000	10 729 760	
286-6 - VIP Sanitation Project	MIG	15 000 000	12 000 000	-
284-7 - VIP Sanitation Project	MIG	15 000 000	16 520 000	-
Waste Water Total		**43 155 000**	**39 304 760**	**33 055 000**
GIS Operational Budget	Surplus	50 000	50 000	50 000
GIS Development & Training	Surplus	50 000	50 000	50 000
Water / Sanitation Awareness Campaigns	Surplus	50 000	100 000	**100 000**
National Arbor Week	Surplus	50 000	100 000	100 000
National Water Week	Surplus	50 000	100 000	100 000
Blue/Green Drop compliance	Surplus	150 000	300 000	300 000

Operational Projects	Funding	2014/15	2015/16	2016/17
Water Events	Surplus	212 500	300 000	350 000
Water loss management strategy - Implementation	Surplus	1 000 000	1 000 000	**500 000**
DWAF Water Resource Compliance	Surplus	900 000	1 000 000	1 000 000
Annual Update of WSDP	Surplus	2 500 000	2 500 000	2 500 000
BPP & Risk Management Plan	Surplus	1 500 000	2 000 000	2 000 000
Water Quality Improvement Interventions	Surplus	1 500 000	1 300 000	1 500 000
Water Treatment Works & Waste Water TW Registration	Surplus	2 500 000	2 000 000	2 000 000
WC/WDM Strategy (WC/WDM), (MWIG)	MWIG	4 506 000	-	-
Raw Water Abstraction Fee	Surplus	5 200 000	1 100 000	1 000 000
Water Services Authority Total		**20 218 500**	**11 900 000**	**11 550 000**
Melmoth Water Services Network Upgrade	Surplus	150 000	150 000	150 000
Mtunzini Water Services Network Upgrade	Surplus	150 000	150 000	150 000
Gingindlovu Water Services Network Upgrade	Surplus	150 000	150 000	150 000
Eshowe Water Services Network Upgrade	Surplus	150 000	150 000	150 000
Kwambo Water Services Network Upgrade	Surplus	150 000	150 000	150 000
Nkandla Water Services Network Upgrade	Surplus	150 000	150 000	150 000
DWAF Water Resource Compliance	Surplus	-	200 000	200 000
Blue/Green Drop compliance	Surplus	-	300 000	300 000
Water Services Operating Subsidy (Grant-in-kind)	WSOG	-	-	-
Water Treatment Works & Waste Water TW Registration	Surplus	-	400 000	400 000
Water Quality Improvement Interventions	Surplus	-	350 000	350 000
Water Services Operating & Transfer Subsidy	WSOG	-	2 650 000	3 000 000
Drought Relief	Surplus	27 046 446	26 198 035	25 000 000
Water Services Provider Total		**27 946 446**	**30 998 035**	**30 150 000**
Grand Total		**144 254 510**	**122 611 666**	**113 535 635**

1.6 Capital expenditure

The following table and figure provides a breakdown of budgeted capital expenditure by vote:

Description	2014/15 Medium Term Revenue & Expenditure Framework					
R thousand	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Capital Expenditure per Vote						
Executive & Council	50	0%	–	0%	–	0%
Finance & Administration	2 100	1%	2 500	0%	1 500	0%
Environmental Protection	–	0%	–	0%	–	0%
Community & Social	7 480	2%	1 500	0%	1 240	0%
Public Safety	1 200	0%	1 000	0%	–	0%
Waste Management	50	0%	–	0%	–	0%
Waste Water Management	5 000	1%	6 000	1%	–	0%
Water Distribution	352 776	96%	611 452	98%	378 707	99%
Total Capital Budget	368 656	100%	622 452	100%	381 447	100%

Table 7 2014/15 Medium-term capital budget per vote

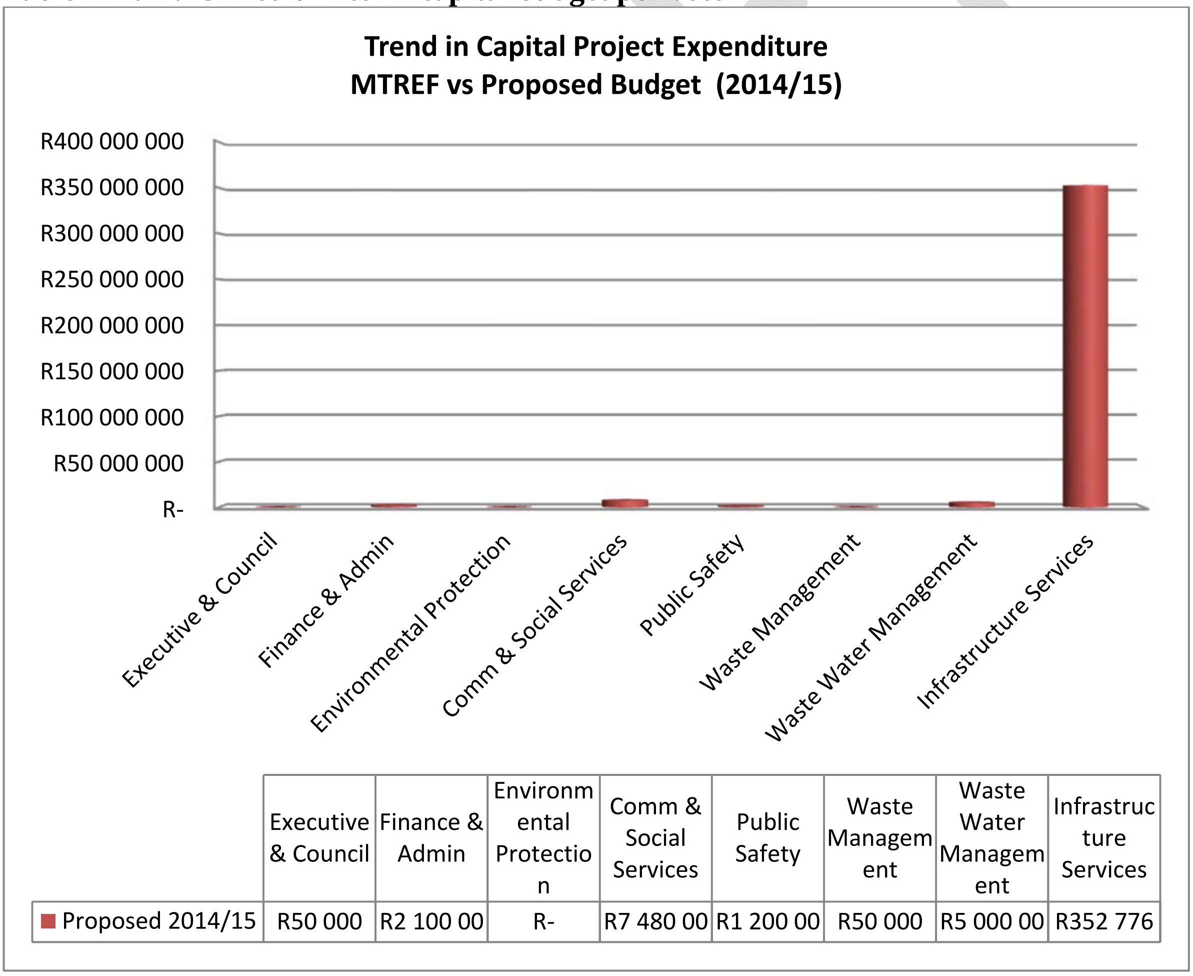


Figure 6 Capital Expenditure by Vote for the 2014/15 financial year.

For 2014/15 an amount of R353 million has been appropriated for the development of water infrastructure which represents 96 per cent of the total capital budget. In the outer years this amount totals R611 million, 98 per cent and R379 million, 99 per cent respectively for each of the financial years. Infrastructure gets the biggest share of the capital budget followed by Community & Social Services at 2 percent for 2014/15. An amount of R5.5m has been budgeted for the expansion of the Regional Cemetery.

Table 8: -- Detailed listing of the Capital Projects for the medium Term

Capital Projects	Funding Source	2014/2015	2015/2016	2016/2017
Insurance Claims (Capital)	Surplus	200 000	200 000	200 000
Budget & Insurance Total		**200 000**	**200 000**	**200 000**
Sit on Lawnmower	Surplus	80 000	-	240 000
Mandawe Cemetery	Surplus	500 000	-	1 000 000
Regional Cemetery Phase 2	Surplus	5 000 000	-	
Cemetery Total		**5 580 000**	**-**	**1 240 000**
Internal Movable Assets	Surplus	100 000	-	**-**
Establishment of Air Quality Monitoring Network	Surplus	1 800 000	1 500 000	**-**
Community Services Total		**1 900 000**	**1 500 000**	**-**
Disaster Management Centre	Surplus	200 000	-	-
Disaster Multi Purpose truck	Surplus	1 000 000	1 000 000	-
Disaster Management Total		**1 200 000**	**1 000 000**	**-**
Implementation of SCOA	Surplus	700 000	1 000 000	**500 000**
Finance Executive Total		**700 000**	**1 000 000**	**500 000**
DRP System	Surplus	50 000	50 000	50 000
Document Management System	Surplus	100 000	50 000	50 000
New PABX System	Surplus	150 000	50 000	50 000
Collaboration System Software	Surplus	250 000	50 000	50 000
Network refresh	Surplus	300 000	100 000	100 000
ERM System (SAP)	Surplus	300 000	1 000 000	500 000
IT Section Total		**1 150 000**	**1 300 000**	**800 000**
Internal Movable Assets	Surplus	50 000	-	-
Management Services HR		**50 000**	**-**	**-**
Internal Movable Assets	Surplus	50 000	-	-
MM's Department Total		**50 000**	**-**	**-**
Kwahlokohloko SSA 1	MIG	-	15 629 000	15 000 000
Eshowe SSA1	MWIG	-	80 718 000	-
Tshotswana Water	MWIG	-	1 300 000	-
uMkhalazi Water	MWIG	-	1 300 000	-
Mdlelanga Water	MWIG	-	1 300 000	-
Mpaphala Water	MWIG	-	1 300 000	-
Eyetheni Water	MWIG	-	1 300 000	-
Kwa Sabe 2	MWIG	-	1 300 000	-
Dolwane	MWIG	-	1 300 000	-
Eshowe SSA 1	MIG	500 000	500 000	15 000 000
Greater Mthonjaneni SSA 2	MIG	1 000 000	4 000 000	15 000 000
Greater Mthonjaneni SSA 4	MIG	10 000 000	10 000 000	-
Middledrift Phase 2	MIG	1 000 000	-	-
Melmoth AC Pipe Replacement	MWIG	3 400 000	-	-
Nsezi Bulk	MWIG	-	100 000	40 000 000
Middledrift SSA3	MIG	2 000 000	4 000 000	15 000 000

Capital Projects	Funding Source	2014/2015	2015/2016	2016/2017
Tanker Reduction Strategy (MWIG)	MWIG	-	3 700 000	5 000 000
Vutshini Phase 1	MIG	5 000 000	-	-
Gingindlovu Water Supply Intake Relocation	MWIG	5 000 000	5 000 000	
Nkandla WTW Upgrade	MWIG	1 000 000	-	-
WC/WDM Strategy Implementation	MWIG	3 012 000	4 365 000	7 000 000
Mbonambi Water Phase 2	MIG	9 890 000	5 000 000	-
Greater Mthonjaneni SSA 5	MIG	10 000 000	19 375 087	18 888 000
Mpungose Phase 1D-Reticulation	MIG	10 000 000	5 000 000	15 000 000
Nkandla Vutshini S/A SSA5	MIG	14 000 000	10 000 000	15 000 000
Greater Mthonjaneni SSA 2	RBIG	15 000 000	70 000 000	10 000 000
KwaHlokohloko S/A SSA5	MIG	20 000 000	11 000 000	10 000 000
Mhlana Somopho Phase 3C	MIG	10 095 446	10 000 000	15 000 000
Eshowe SSA 1	RBIG	28 000 000	90 000 000	10 000 000
Middledrift SSA5	RBIG	30 000 000	30 000 000	10 000 000
Middledrift SSA 5	MIG	30 358 000	40 000 000	10 000 000
KDS and Eshowe Water Supply	MWIG	19 494 000	5 000 000	36 069 000
Kwahlokohloko SSA 1	RBIG	105 000 000	30 000 000	-
Mbonambi Water SSA 2	MIG	-	-	5 000 000
Health & Safety Improvement Programme	Surplus	3 000 000	815 279	750 000
EPWP Incentive Grant	EPWP	5 337 000	-	-
Nsezi Bulk	RBIG	2 000 000	40 000 000	28 000 000
Greater Mthonjaneni SSA5	RBIG	-	19 000 000	-
Greater Mthonjaneni WTW (Phase 2)	RBIG	-	40 000 000	10 000 000
Greater Mthonjaneni SSA6	RBIG	-	13 000 000	20 000 000
Greater Mthonjaneni SSA8	RBIG	-	15 000 000	20 000 000
Vutshini Phase 1	RBIG	-	10 000 000	10 000 000
Eshowe SSA3	RBIG	-	3 000 000	20 000 000
Municipal Infrastructure Implementation Total		**344 086 446**	**603 302 366**	**375 707 000**
Internal Movable Assets	Surplus	50 000	-	-
Waste Management Total		**50 000**	**-**	**-**
Mtunzini Sewer Plant	Surplus	-	2 000 000	-
Mtunzini Waste Water Treatment Works	Surplus	4 000 000	-	-
Gingindlovu Waste Water Treatment Works	Surplus	-	4 000 000	-
Gingindlovu Waste Water Treatment Works	MIG	1 000 000	-	-
Waste Water Total		**5 000 000**	**6 000 000**	**-**
Survival Water Programme (Boreholes)	Surplus	3 820 000	3 000 000	
Prepaid Smart Meter Installation	MWIG	1 000 000	1 500 000	3 000 000
Water Services Authority Total		**4 820 000**	**4 500 000**	**3 000 000**
Indigent Water Meter Installation	Surplus	220 000	-	
Existing Projects Extensions	Surplus	1 650 000	1 650 000	
Water metre installation	Surplus	2 000 000	2 000 000	
Water Services Provider Total		**3 870 000**	**3 650 000**	**-**
Grand Total		**368 656 446**	**622 452 366**	**381 447 000**

The figure below indicates the municipality's 2014/15 Capital Budget by Funding Source.

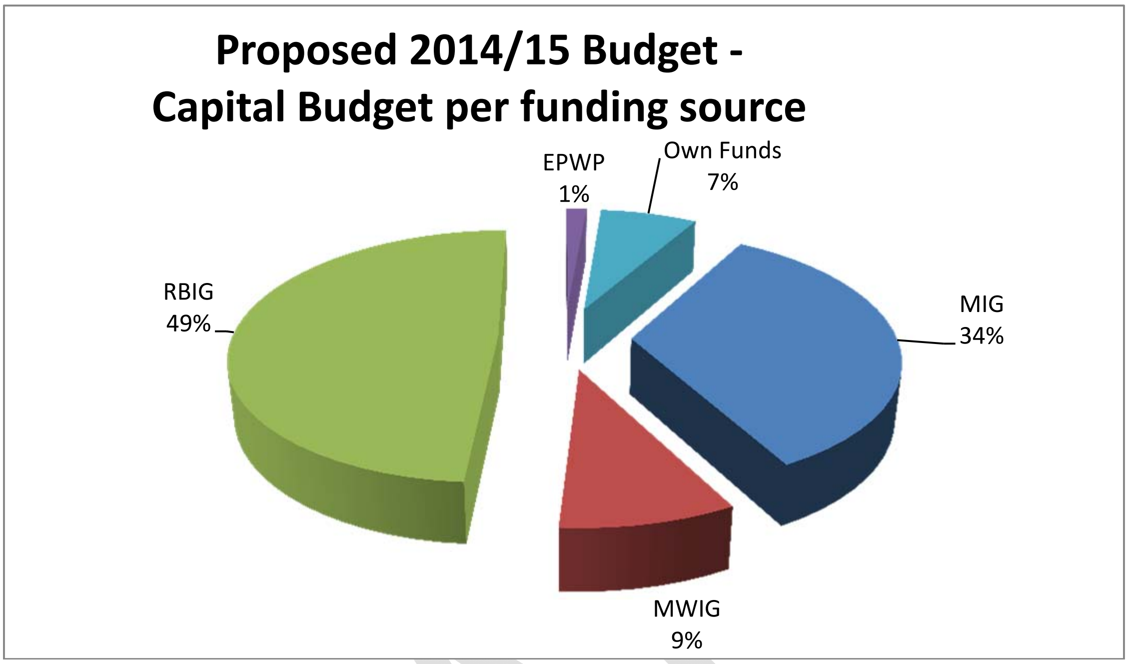


Figure 7 Capital Budget by Funding Source for the 2014/15 financial year

1.7 Service Delivery and Budget Implementation Plan

The Draft uThungulu District Municipality's Service Delivery and Budget Implementation Plan will be compiled and submitted with the final Budget in May 2014 in terms of Section 53(1) of the MFMA.

uThungulu Fresh Produce Market

The municipality has formally registered an entity to function as a Fresh Produce Market. The uThungulu District Municipality holds a 51 percent shareholding in this entity, while the remaining 49 percent is held by other external stakeholders namely; Masibambisane Rural Development Initiative (26%) and uThungulu Farmers' Trust (23%). It is envisaged that the entity will be operating on its own from the 1st of July 2014. A separate budget for the 2014/15 has been compiled for the entity and is included in this Budget report.

1.8 Annual Budget Tables – Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality’s 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

DC28 uThungulu - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	41 193	48 017	49 902	50 798	51 818	51 818	–	56 957	64 297	72 699
Investment revenue	24 150	26 998	27 114	27 033	28 013	28 013	–	25 113	26 620	28 217
Transfers recognised - operational	282 180	349 642	396 374	409 252	411 677	411 677	–	457 075	466 775	457 821
Other own revenue	13 592	8 776	10 170	37 073	185 803	185 803	–	39 821	42 489	26 488
Total Revenue (excluding capital transfers and contributions)	361 115	433 433	483 560	524 156	677 311	677 311	–	578 965	600 180	585 225
Employee costs	86 623	88 085	99 493	138 704	130 369	130 369	–	155 288	164 077	177 065
Remuneration of councillors	5 492	7 870	8 523	9 277	9 727	9 727	–	10 584	11 261	11 982
Depreciation & asset impairment	40 061	36 543	50 493	45 827	45 827	45 827	–	48 872	52 920	56 970
Finance charges	12 699	11 901	13 490	11 460	11 460	11 460	–	7 988	7 988	8 432
Materials and bulk purchases	24 470	29 204	29 466	25 381	30 819	30 819	–	26 828	42 121	52 909
Transfers and grants	–	–	11 127	11 857	11 857	11 857	–	13 119	12 894	12 872
Other expenditure	195 999	226 174	258 489	283 571	324 884	324 884	–	320 756	326 335	344 605
Total Expenditure	365 344	399 776	471 082	526 077	564 944	564 944	–	583 435	617 597	664 835
Surplus/(Deficit)	(4 229)	33 657	12 479	(1 921)	112 367	112 367	–	(4 470)	(17 417)	(79 610)
Transfers recognised - capital	103 908	183 592	173 857	238 908	237 262	237 262	–	342 255	603 987	411 057
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	99 679	217 250	186 336	236 987	349 629	349 629	–	337 785	586 570	331 447
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	99 679	217 250	186 336	236 987	349 629	349 629	–	337 785	586 570	331 447
Capital expenditure & funds sources										
Capital expenditure	116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447
Transfers recognised - capital	103 519	186 187	160 743	239 237	250 542	250 542	–	343 086	603 987	377 957
Public contributions & donations	–	–	–	2 000	8 000	8 000	–	–	–	–
Borrowing	2 842	956	3 088	–	12 198	12 198	–	–	–	–
Internally generated funds	10 618	14 786	9 848	36 251	120 489	120 489	–	25 570	18 465	3 490
Total sources of capital funds	116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447
Financial position										
Total current assets	402 526	420 899	505 448	394 537	394 325	394 325	–	410 431	419 099	433 030
Total non current assets	913 354	1 098 587	1 200 441	1 592 394	1 707 950	1 707 950	–	2 020 650	2 589 541	2 913 373
Total current liabilities	223 735	172 523	205 505	89 084	88 872	88 872	–	119 991	151 665	128 900
Total non current liabilities	186 607	187 422	154 508	160 076	160 076	160 076	–	160 447	154 522	147 502
Community wealth/Equity	905 538	1 159 542	1 345 876	1 737 771	1 853 327	1 853 327	–	2 150 643	2 702 452	3 070 001
Cash flows										
Net cash from (used) operating	194 303	212 887	249 404	281 379	265 423	265 423	–	421 746	637 967	405 404
Net cash from (used) investing	(89 545)	(209 249)	(145 830)	(259 136)	(374 692)	(374 692)	–	(369 149)	(623 011)	(382 003)
Net cash from (used) financing	(1 481)	(2 279)	(24 442)	(4 536)	(4 536)	(4 536)	–	(6 151)	(8 664)	(12 037)
Cash/cash equivalents at the year end	365 359	366 718	445 850	330 458	332 045	332 045	445 850	378 490	384 782	396 145
Cash backing/surplus reconciliation										
Cash and investments available	365 358	387 717	445 848	352 266	352 266	352 266	–	378 490	384 782	396 145
Application of cash and investments	365 359	387 717	445 848	352 266	352 266	352 266	–	378 490	384 782	396 145
Balance - surplus (shortfall)	(0)	(0)	0	–	–	–	–	(0)	0	(0)
Asset management										
Asset register summary (WDV)	926 539	1 087 769	1 225 328	1 501 739	1 615 479	1 615 479	1 983 761	1 983 761	2 605 838	2 986 910
Depreciation & asset impairment	40 061	36 543	50 493	45 827	45 827	45 827	48 872	48 872	52 920	56 970
Renewal of Existing Assets	194 903	–	–	194 903	285 491	285 491	285 491	348 864	556 887	304 707

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a brief overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Capital transfers and contributions) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not providing for cash backed provisions due to budget limitations. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections and increase in indigent customers. The municipality is in the process of developing the Funding and Reserves Policy as required by section 7 of the Municipal Budget and Reporting Regulations in order to deal with the cash backing of the reserves. It is anticipated that the policy will prescribe the percentage of cash backing that will progressively increase over the years which will eventually result in all the reserves being fully cash backed in the long run.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this must not be done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. According to the recently compiled Water Services Delivery Plan, it is anticipated that the municipality will only be able to eliminate water backlogs by the year 2030, unless urgent interventions are implemented. To this end, the Technical Services department is in a process of compiling a business plan that seeks to address the eradication of backlogs by 2014, in line with the National Millennium targets.

Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC28 uThungulu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
Governance and administration		301 175	420 639	385 894	502 042	652 996	652 996	635 956	902 910	711 007
Executive and council		–	–	–	–	–	–	–	–	–
Budget and treasury office		301 175	420 639	385 894	502 042	652 996	652 996	635 956	902 910	711 007
Corporate services		–	–	–	–	–	–	–	–	–
Community and public safety		316	217	16 200	17 335	17 335	17 335	18 471	19 763	21 347
Community and social services		316	217	270	285	285	285	213	234	257
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	15 930	17 050	17 050	17 050	18 258	19 529	21 090
Economic and environmental services		13 780	14 389	–	–	–	–	–	–	–
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		13 780	14 389	–	–	–	–	–	–	–
Trading services		149 752	181 781	255 322	243 686	246 065	246 065	266 794	281 494	263 928
Electricity		–	–	–	–	–	–	–	–	–
Water		139 000	169 596	181 625	188 067	191 206	191 206	201 791	216 517	233 766
Waste water management		3 513	3 740	61 975	41 919	42 139	42 139	48 563	45 249	6 489
Waste management		7 239	8 445	11 722	13 700	12 720	12 720	16 440	19 728	23 673
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	465 023	617 026	657 417	763 064	916 397	916 397	921 220	1 204 167	996 282
Expenditure - Standard										
Governance and administration		67 653	80 195	99 545	106 278	135 575	135 575	120 738	125 157	130 993
Executive and council		17 360	35 235	29 396	20 186	35 465	35 465	25 795	27 337	28 695
Budget and treasury office		22 902	18 355	34 271	38 427	46 682	46 682	43 412	45 367	47 529
Corporate services		27 391	26 605	35 878	47 665	53 428	53 428	51 530	52 452	54 769
Community and public safety		19 286	21 416	28 032	38 876	39 358	39 358	41 095	43 655	46 163
Community and social services		9 309	8 937	15 612	15 786	20 329	20 329	15 334	16 028	16 480
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		5 526	6 799	5 279	6 240	6 349	6 349	7 603	8 198	8 699
Housing		–	–	–	–	–	–	–	–	–
Health		4 451	5 680	7 141	16 850	12 680	12 680	18 158	19 429	20 984
Economic and environmental services		8 665	8 881	12 086	17 586	24 322	24 322	29 095	21 693	22 813
Planning and development		8 665	8 881	12 086	17 586	24 322	24 322	29 095	21 693	22 813
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		275 771	298 530	331 419	363 336	366 413	366 413	392 507	427 093	464 866
Electricity		–	–	–	–	–	–	–	–	–
Water		241 975	225 988	245 278	299 758	297 950	297 950	321 302	358 592	398 880
Waste water management		15 181	42 811	59 426	39 247	43 542	43 542	45 580	41 840	35 914
Waste management		18 615	29 731	26 715	24 331	24 921	24 921	25 626	26 661	30 072
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	371 375	409 021	471 081	526 076	565 668	565 668	583 435	617 597	664 835
Surplus/(Deficit) for the year		93 648	208 005	186 336	236 988	350 729	350 729	337 785	586 570	331 447

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into separate functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for uThungulu District Municipality, Water & Waste water functions, except for the Waste management function. As highlighted previously, the municipality still has a long way to go in achieving cost reflective tariffs as this needs to be done whilst ensuring minimal impact on the consumers, especially the poorest of the poor.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC28 uThungulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–
Vote 2 - Economic Development, Planning & Enviroment		–	–	–	–	–	–	–	–	–
Vote 3 - Community & Social Services		316	217	270	285	285	285	213	234	257
Vote 4 - Public Safety		–	–	–	–	–	–	–	–	–
Vote 5 - Enviromental Health		13 780	14 389	15 930	17 050	17 050	17 050	18 258	19 529	21 090
Vote 6 - Finance & Administration		301 801	420 639	385 894	502 042	652 996	652 996	635 956	902 910	711 007
Vote 7 - Infrastructure Services		138 375	169 596	181 625	188 067	191 206	191 206	201 791	216 517	233 766
Vote 8 - Waste Management		7 239	8 445	11 722	13 700	12 720	12 720	16 440	19 728	23 673
Vote 9 - Waste Water Management		3 513	3 740	61 975	41 919	42 139	42 139	48 563	45 249	6 489
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	465 024	617 026	657 417	763 064	916 397	916 397	921 220	1 204 167	996 282
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		28 450	35 235	44 355	39 068	57 051	57 051	44 938	47 921	50 499
Vote 2 - Economic Development, Planning & Enviroment		8 603	8 881	12 085	17 586	24 322	24 322	29 095	21 693	22 813
Vote 3 - Community & Social Services		9 242	8 936	15 612	15 786	20 329	20 329	15 334	16 028	16 480
Vote 4 - Public Safety		5 496	6 799	5 279	6 240	6 349	6 349	7 603	8 198	8 699
Vote 5 - Enviromental Health		4 444	5 680	7 141	16 850	12 680	12 680	18 158	19 429	20 984
Vote 6 - Finance & Administration		40 530	44 960	55 191	67 210	78 524	78 524	75 800	77 236	80 494
Vote 7 - Infrastructure Services		240 843	225 988	245 278	299 758	297 950	297 950	321 302	358 592	398 880
Vote 8 - Waste Management		18 609	29 731	26 714	24 331	24 921	24 921	25 626	26 661	30 072
Vote 9 - Waste Water Management		15 157	42 811	59 426	39 247	43 542	43 542	45 580	41 840	35 914
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	371 375	409 021	471 081	526 076	565 668	565 668	583 435	617 597	664 835
Surplus/(Deficit) for the year	2	93 650	208 005	186 336	236 988	350 729	350 729	337 785	586 570	331 447

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC28 uThungulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	30 125	35 616	33 305	32 053	34 053	34 053	–	34 942	38 436	42 279
Service charges - sanitation revenue	2	3 513	3 740	4 605	4 759	4 759	4 759	–	5 363	5 899	6 489
Service charges - refuse revenue	2	7 239	8 445	11 722	13 700	12 720	12 720	–	16 440	19 728	23 673
Service charges - other		316	217	270	285	285	285		213	234	257
Rental of facilities and equipment		38	34	–	–	–	–				
Interest earned - external investments		24 150	26 998	27 114	27 033	28 013	28 013		25 113	26 620	28 217
Interest earned - outstanding debtors		56	40	34	246	1 207	1 207		3 803	4 031	4 273
Dividends received		–		–	–	–	–				
Fines		–		–	–	–	–				
Licences and permits		–		–	–	–	–				
Agency services		–		–	–	–	–				
Transfers recognised - operational		282 180	349 642	396 374	409 252	411 677	411 677		457 075	466 775	457 821
Other revenue	2	12 897	8 703	10 136	36 827	184 596	184 596	–	36 018	38 458	22 215
Gains on disposal of PPE		601									
Total Revenue (excluding capital transfers and contributions)		361 115	433 433	483 560	524 156	677 311	677 311	–	578 965	600 180	585 225
Expenditure By Type											
Employee related costs	2	86 623	88 085	99 493	138 704	130 369	130 369	–	155 288	164 077	177 065
Remuneration of councillors		5 492	7 870	8 523	9 277	9 727	9 727		10 584	11 261	11 982
Debt impairment	3	6 436	8 024	4 190	8 096	13 205	13 205		7 993	8 502	8 722
Depreciation & asset impairment	2	40 061	36 543	50 493	45 827	45 827	45 827	–	48 872	52 920	56 970
Finance charges		12 699	11 901	13 490	11 460	11 460	11 460		7 988	7 988	8 432
Bulk purchases	2	24 470	29 204	29 466	25 082	30 520	30 520	–	26 462	41 733	52 500
Other materials	8			–	299	299	299		367	389	409
Contracted services		60 161	63 005	65 270	80 721	83 677	83 677	–	95 957	106 593	118 961
Transfers and grants		–	–	11 127	11 857	11 857	11 857	–	13 119	12 894	12 872
Other expenditure	4, 5	129 401	154 726	189 029	194 755	228 002	228 002	–	216 805	211 240	216 923
Loss on disposal of PPE			419								
Total Expenditure		365 344	399 776	471 082	526 077	564 944	564 944	–	583 435	617 597	664 835
Surplus/(Deficit)		(4 229)	33 657	12 479	(1 921)	112 367	112 367	–	(4 470)	(17 417)	(79 610)
Transfers recognised - capital		103 908	183 592	173 857	238 908	237 262	237 262		342 255	603 987	411 057
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		99 679	217 250	186 336	236 987	349 629	349 629	–	337 785	586 570	331 447
Taxation											
Surplus/(Deficit) after taxation		99 679	217 250	186 336	236 987	349 629	349 629	–	337 785	586 570	331 447
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		99 679	217 250	186 336	236 987	349 629	349 629	–	337 785	586 570	331 447
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		99 679	217 250	186 336	236 987	349 629	349 629	–	337 785	586 570	331 447

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R578.9 million in 2014/15 and escalates to R585.2 million by 2016/17. This represents an increase of 10% over the medium term.

2. Service charges relating to water, sanitation and refuse constitutes the biggest component of the revenue basket of the Municipality totalling R56.7 million for the 2014/15 financial year and increasing to R72.4 million by 2016/17. For the 2014/15 financial year services charges amount to 10% of the total revenue base and grows by 2% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.

3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. To be noted that in there is a minimal increase on operational transfers over the medium term, with an increase of less than1 percent in 2015/16 and then a decrease of less than a percent in 2016/17. The Equitable Share allocation is up from the 2013/14 allocation. it is also R630,000 more than the forecasted amount which was contained in the 2013 DORA as an indication for the outer years.
4. Employee related costs have increased by 19% from the 2013/14 full year forecast, this is due to the inflationary increase of 6.8% on salaries in line with the three year collective Wage Agreement, as well as newly funded positions that have been included in the 2014/15 financial year. Also to be noted that the salaries budget for 2013/14 was adjusted downwards due to savings on vacant positions and some unutilised staff benefits.

5. Depreciation has been budgeted for at R48.8m for the 2014/15 financial year and increasing to R56.9m over the MTREF, this is as a result of the infrastructure assets that are being added onto the fixed asset register as a result of new schemes being commissioned.

6. Finances Charges comprise of the repayments of the current loans that were acquired by Council in order to fast track the backlog eradication process, this expenditure item amounts to a total of R25.2 million over the MTREF. To be noted that no additional loans have been budgeted for in the medium term.

7. Bulk purchases have significantly increased over the MTREF, starting with a budget of R26 million in 2014/15 to R53 million in the 2016/17 financial year. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from the Bulk Water suppliers as well as the anticipated completion of schemes under the Greater Mthonjaneni and Middledrift water projects.

8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC28 uThungulu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Economic Development, Planning & Enviroment		–	–	–	–	–	–	–	–	–	–
Vote 3 - Community & Social Services		–	–	364	9 431	9 131	9 131	–	7 300	1 500	1 000
Vote 4 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 5 - Enviromental Health		–	–	–	–	–	–	–	–	–	–
Vote 6 - Finance & Administration		1 150	2 423	–	–	–	–	–	700	1 000	500
Vote 7 - Infrastructure Services		28 723	76 862	156 579	185 472	227 406	227 406	–	336 819	502 634	373 707
Vote 8 - Waste Management		85 155	121 267	–	–	17 232	17 232	–	–	–	–
Vote 9 - Waste Water Management		647	194	–	–	7 514	7 514	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	115 675	200 746	156 943	194 903	261 282	261 282	–	344 819	505 134	375 207
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	1 495	1 620	1 660	1 660	–	50	–	–
Vote 2 - Economic Development, Planning & Enviroment		–	–	–	–	18 000	18 000	–	–	–	–
Vote 3 - Community & Social Services		–	–	42	–	3 200	3 200	–	180	–	240
Vote 4 - Public Safety		–	–	5	–	250	250	–	1 200	1 000	–
Vote 5 - Enviromental Health		–	–	–	200	200	200	–	–	–	–
Vote 6 - Finance & Administration		1 304	1 183	4 390	1 240	13 742	13 742	–	1 400	1 500	1 000
Vote 7 - Infrastructure Services		–	–	3 257	69 025	77 294	77 294	–	15 957	108 818	5 000
Vote 8 - Waste Management		–	–	–	10 500	10 000	10 000	–	50	–	–
Vote 9 - Waste Water Management		–	–	7 545	–	5 600	5 600	–	5 000	6 000	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		1 304	1 183	16 735	82 585	129 946	129 946	–	23 837	117 318	6 240
Total Capital Expenditure - Vote		116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447
Capital Expenditure - Standard											
Governance and administration		6 047	3 235	5 885	2 860	15 402	15 402	–	2 150	2 500	1 500
Executive and council		58	963	185	1 620	1 660	1 660		50		
Budget and treasury office		5 989	2 272	345	240	583	583		900	1 200	700
Corporate services				5 355	1 000	13 159	13 159		1 200	1 300	800
Community and public safety		49	1 162	411	9 431	12 581	12 581	–	8 680	2 500	1 240
Community and social services		47	1 162	406	9 431	12 331	12 331		7 480	1 500	1 240
Sport and recreation				–		–	–				
Public safety		1		5	–	250	250		1 200	1 000	–
Housing				–	–	–	–				
Health				–	–	–	–				
Economic and environmental services		18	33	–	200	18 200	18 200	–	–	–	–
Planning and development		18	33	–	–	18 000	18 000				
Road transport				–	–	–	–				
Environmental protection				–	200	200	200				
Trading services		110 865	197 499	167 382	264 997	345 045	345 045	–	357 826	617 452	378 707
Electricity				–	–	–	–				
Water		110 813	197 324	159 837	254 497	304 700	304 700		352 776	611 452	378 707
Waste water management		60	94	7 545	–	13 114	13 114		5 000	6 000	
Waste management		(7)	81	–	10 500	27 232	27 232		50		
Other				–	–	–	–				
Total Capital Expenditure - Standard	3	116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447
Funded by:											
National Government		103 519	186 187	160 724	239 237	219 580	219 580		343 086	603 987	377 957
Provincial Government				19	–	30 962	30 962				
District Municipality				–	–	–	–				
Other transfers and grants				–	–	–	–				
Transfers recognised - capital	4	103 519	186 187	160 743	239 237	250 542	250 542	–	343 086	603 987	377 957
Public contributions & donations	5				2 000	8 000	8 000				
Borrowing	6	2 842	956	3 088	–	12 198	12 198				
Internally generated funds		10 618	14 786	9 848	36 251	120 489	120 489		25 570	18 465	3 490
Total Capital Funding	7	116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2014/15, R345 million has been allocated for the capital budget. This allocation escalates to R505 million in 2015/16 and then to goes down to R375 million in 2016/17.
3. Single-year capital expenditure has been appropriated at R23 million for the 2014/15 financial year and totals R147m over the Medium term.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of office machinery and specialized tools and equipment and ad hoc projects with a life cycle of not more than a year. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
5. The capital programme is funded from national grants and transfers, and internally generated funds. For 2014/15, capital transfers totals R343 million, R603 million in 2015/16 and decreases to R377 million in 2016/17. Internally generated funding has been provided for at R26 million for 2014/15 and decrease to R3.4m in 2016/17.

Table 14 MBRR Table A6 - Budgeted Financial Position

DC28 uThungulu - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		45 358	86 717	75 848	22 266	22 266	22 266		23 490	24 782	26 145
Call investment deposits	1	320 000	280 000	370 000	330 000	330 000	330 000	–	355 000	360 000	370 000
Consumer debtors	1	15 504	22 970	37 791	12 523	12 523	12 523	–	13 775	15 153	16 668
Other debtors		14 562	25 056	14 502	21 665	21 453	21 453		9 632	10 162	10 721
Current portion of long-term receivables		33	35	38	32	32	32		40	41	43
Inventory	2	7 069	6 122	7 269	8 051	8 051	8 051		8 493	8 961	9 453
Total current assets		402 526	420 899	505 448	394 537	394 325	394 325	–	410 431	419 099	433 030
Non current assets											
Long-term receivables		542	496	440	411	411	411		354	313	269
Investments		–	21 000								
Investment property		–	–								
Investment in Associate		25 720	25 207	24 673	30 601	30 601	30 601		23 573	22 973	22 373
Property, plant and equipment	3	885 116	1 050 408	1 174 251	1 560 906	1 676 462	1 676 462	–	1 995 971	2 564 778	2 889 030
Agricultural											
Biological											
Intangible		1 976	1 477	1 077	476	476	476		751	1 476	1 701
Other non-current assets											
Total non current assets		913 354	1 098 587	1 200 441	1 592 394	1 707 950	1 707 950	–	2 020 650	2 589 541	2 913 373
TOTAL ASSETS		1 315 880	1 519 487	1 705 889	1 986 931	2 102 275	2 102 275	–	2 431 080	3 008 639	3 346 403
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	7 451	9 327	10 595	12 036	12 036	12 036	–	13 654	15 531	11 047
Consumer deposits		7 244	8 229	9 114	7 868	7 868	7 868		8 655	9 520	10 472
Trade and other payables	4	207 597	153 457	168 870	66 836	66 836	66 836	–	95 209	124 005	104 628
Provisions		1 443	1 510	16 926	2 344	2 132	2 132		2 473	2 609	2 752
Total current liabilities		223 735	172 523	205 505	89 084	88 872	88 872	–	119 991	151 665	128 900
Non current liabilities											
Borrowing		108 739	104 584	78 874	72 487	72 487	72 487	–	63 931	52 525	39 710
Provisions		77 868	82 838	75 634	87 589	87 589	87 589	–	96 516	101 997	107 791
Total non current liabilities		186 607	187 422	154 508	160 076	160 076	160 076	–	160 447	154 522	147 502
TOTAL LIABILITIES		410 342	359 945	360 013	249 160	248 948	248 948	–	280 438	306 187	276 402
NET ASSETS	5	905 538	1 159 542	1 345 876	1 737 771	1 853 327	1 853 327	–	2 150 643	2 702 452	3 070 001
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		640 546	894 550	1 080 884	1 472 779	1 588 335	1 588 335		1 885 651	2 437 460	2 805 009
Reserves	4	264 992	264 992	264 992	264 992	264 992	264 992	–	264 992	264 992	264 992
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	905 538	1 159 542	1 345 876	1 737 771	1 853 327	1 853 327	–	2 150 643	2 702 452	3 070 001

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
3. The budgeted Community wealth or equity for the MTREF is R2,1 billion, R2,7 billion and R3 billion for the 14/15,15/16 and 16/17 financial years respectively.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 15 MBRR Table A7 - Budgeted Cash Flow Statement

DC28 uThungulu - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		57 404	40 331	55 835	59 240	68 735	68 735		66 085	74 860	83 058
Government - operating	1	266 936	306 150	337 874	409 252	406 552	406 552		457 375	467 175	458 321
Government - capital	1	130 586	205 088	244 168	240 908	239 262	239 262		342 255	603 987	411 057
Interest		24 205	27 038	27 147	27 279	29 220	29 220		28 916	30 651	32 490
Dividends											
Payments											
Suppliers and employees		(266 099)	(344 574)	(391 003)	(437 139)	(460 185)	(460 185)		(458 959)	(525 297)	(566 115)
Finance charges		(12 699)	(11 901)	(13 490)	(6 304)	(6 304)	(6 304)		(7 988)	(7 988)	(8 432)
Transfers and Grants	1	(6 031)	(9 244)	(11 127)	(11 857)	(11 857)	(11 857)		(5 938)	(5 421)	(4 975)
NET CASH FROM/(USED) OPERATING ACTIVITIES		194 303	212 887	249 404	281 379	265 423	265 423	–	421 746	637 967	405 404
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 319	175								
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		317	44	53	42	42	42		57	41	44
Decrease (increase) in non-current investments		17 926	(20 487)	21 534	18 310	18 310	18 310		(550)	(600)	(600)
Payments											
Capital assets		(109 107)	(188 981)	(167 417)	(277 488)	(393 044)	(393 044)		(368 656)	(622 452)	(381 447)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(89 545)	(209 249)	(145 830)	(259 136)	(374 692)	(374 692)	–	(369 149)	(623 011)	(382 003)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits					410	410	410		787	865	952
Payments											
Repayment of borrowing		(1 481)	(2 279)	(24 442)	(4 946)	(4 946)	(4 946)		(6 938)	(9 529)	(12 989)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 481)	(2 279)	(24 442)	(4 536)	(4 536)	(4 536)	–	(6 151)	(8 664)	(12 037)
NET INCREASE/ (DECREASE) IN CASH HELD		103 277	1 359	79 132	17 707	(113 805)	(113 805)	–	46 445	6 292	11 364
Cash/cash equivalents at the year begin:	2	262 082	365 359	366 718	312 751	445 850	445 850	445 850	332 045	378 490	384 782
Cash/cash equivalents at the year end:	2	365 359	366 718	445 850	330 458	332 045	332 045	445 850	378 490	384 782	396 145

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The budgeted cash/cash equivalents are R378m, R385m and R396m for the 2014/2015, 2015/2016 and 2016/2017 financial years respectively.

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC28 uThungulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	365 359	366 718	445 850	330 458	332 045	332 045	445 850	378 490	384 782	396 145
Other current investments > 90 days		(0)	(1)	(2)	21 808	20 221	20 221	(445 850)	(0)	0	(0)
Non current assets - Investments	1	–	21 000	–	–	–	–	–	–	–	–
Cash and investments available:		365 358	387 717	445 848	352 266	352 266	352 266	–	378 490	384 782	396 145
Application of cash and investments											
Unspent conditional transfers		91 246	26 500	32 460	–	–	–	–	–	–	–
Unspent borrowing		19 392	16 641	12 198	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	83 923	92 501	87 397	43 510	56 889	56 889	–	78 983	106 039	81 468
Other provisions		79 311	84 348	91 930	89 933	89 933	89 933		98 989	104 606	110 543
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	91 486	167 727	221 863	218 823	205 444	205 444		200 518	174 137	204 134
Total Application of cash and investments:		365 359	387 717	445 848	352 266	352 266	352 266	–	378 490	384 782	396 145
Surplus(shortfall)		(0)	(0)	0	–	–	–	–	(0)	0	(0)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. A focal point in this table is that the municipality has budgeted to fully spend all grant allocations received in the outer years.

Table 17 MBRR Table A9 - Asset Management

DC28 uThungulu - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE										
Total New Assets	1	116 979	201 929	174 201	82 585	105 738	105 738	19 792	65 565	76 740
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		28 723	76 862	159 765	69 025	64 498	64 498	14 412	58 565	75 000
Infrastructure - Sanitation		647	194	7 545	–	4 600	4 600	–	2 000	–
Infrastructure - Other		85 155	121 267	3 188	10 500	10 500	10 500	–	–	–
Infrastructure		*114 525*	*198 323*	*170 498*	*79 525*	*79 598*	*79 598*	*14 412*	*60 565*	*75 000*
Community		–	–	89	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	2 250	3 446	3 522	2 584	25 664	25 664	4 730	3 900	1 140
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		204	160	93	476	476	476	650	1 100	600
Total Renewal of Existing Assets	2	194 903	–	–	194 903	285 491	285 491	348 864	556 887	304 707
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		185 472	–	–	185 472	243 272	243 272	338 364	552 887	303 707
Infrastructure - Sanitation		–	–	–	–	8 514	8 514	5 000	4 000	–
Infrastructure - Other		–	–	–	–	16 732	16 732	–	–	–
Infrastructure		*185 472*	–	–	*185 472*	*268 517*	*268 517*	*343 364*	*556 887*	*303 707*
Community		9 431	–	–	9 431	8 509	8 509	5 500	–	1 000
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	8 465	8 465	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		214 195	76 862	159 765	254 497	307 770	307 770	352 776	611 452	378 707
Infrastructure - Sanitation		647	194	7 545	–	13 114	13 114	5 000	6 000	–
Infrastructure - Other		85 155	121 267	3 188	10 500	27 232	27 232	–	–	–
Infrastructure		*299 997*	*198 323*	*170 498*	*264 997*	*348 115*	*348 115*	*357 776*	*617 452*	*378 707*
Community		9 431	–	89	9 431	8 509	8 509	5 500	–	1 000
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		2 250	3 446	3 522	2 584	34 128	34 128	4 730	3 900	1 140
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		204	160	93	476	476	476	650	1 100	600
TOTAL CAPITAL EXPENDITURE - Asset class	2	311 882	201 929	174 201	277 488	391 229	391 229	368 656	622 452	381 447
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water				569 326	823 823	872 646	872 646	1 225 422	1 836 875	2 215 582
Infrastructure - Sanitation			44 645	26 882	26 882	39 996	39 996	44 996	50 996	50 996
Infrastructure - Other		840 043	960 934	549 759	569 690	589 749	589 749	595 249	595 249	596 249
Infrastructure		*840 043*	*1 005 578*	*1 145 966*	*1 420 394*	*1 502 390*	*1 502 390*	*1 865 667*	*2 483 119*	*2 862 826*
Community										
Heritage assets										
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		84 521	80 714	78 285	80 868	112 613	112 613	117 343	121 243	122 383
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		1 976	1 477	1 077	476	476	476	751	1 476	1 701
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	926 539	1 087 769	1 225 328	1 501 739	1 615 479	1 615 479	1 983 761	2 605 838	2 986 910
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		40 061	36 543	50 493	45 827	45 827	45 827	48 872	52 920	56 970
Repairs and Maintenance by Asset Class	3	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		40 061	36 543	50 493	45 827	45 827	45 827	48 872	52 920	56 970

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. It be noted that uThungulu's internally funded capital for 2014/15 accounts for 7% of the total capital budget, most of the capital budget is grant funded mainly through MIG, RBIG and MWIG, which is for backlog eradication.

Table 18 MBRR Table A10 Basic service delivery measurement

DC28 uThungulu - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling		20 820	20 982		21 200	22 260	22 260	24 486	28 159	30 975
Piped water inside yard (but not in dwelling)		20 170	21 800		25 000	26 250	26 250	28 875	33 206	36 527
Using public tap (at least min.service level)	2	21 260	22 000		22 300	23 415	23 415	25 757	29 620	32 582
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		62 250	64 782	–	68 500	71 925	71 925	79 118	90 985	100 084
Using public tap (< min.service level)	3	5 480	6 325		8 108	8 513	8 513	9 365	10 769	11 846
Other water supply (< min.service level)	4				–	–	–	–	–	–
No water supply		47 316	43 939		38 438	40 360	40 360	44 396	51 055	56 161
Below Minimum Service Level sub-total		52 796	50 264	–	46 546	48 873	48 873	53 761	61 825	68 007
Total number of households	5	115 046	115 046	–	115 046	120 798	120 798	132 878	152 810	168 091
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		16 850	16 980		16 980	17 829	17 829	19 612	22 554	24 809
Flush toilet (with septic tank)		4 190	4 250		4 250	4 463	4 463	4 909	5 645	6 210
Chemical toilet					–	–	–	–	–	–
Pit toilet (ventilated)		42 286	36 126		52 021	54 623	54 623	60 085	69 097	76 007
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		63 326	57 356	–	73 251	76 914	76 914	84 605	97 296	107 026
Bucket toilet										
Other toilet provisions (< min.service level)		51 720	57 950		41 795	43 885	43 885	48 273	55 514	61 066
No toilet provisions										
Below Minimum Service Level sub-total		51 720	57 950	–	41 795	43 885	43 885	48 273	55 514	61 066
Total number of households	5	115 046	115 306	–	115 046	120 799	120 799	132 879	152 810	168 091

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Honourable Mayor, Municipal Manager and senior officials of the municipality. The Deputy Mayor, Speaker and the Chief Whip are also co-opted members of the Budget Steering Committee, with the Municipal Manager being the Chairperson as per guidance from the 2011 Local Government Budget & Expenditure Review.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Schedule of Key Deadlines

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The IDP and budget time schedule were tabled in the Budget Steering Committee in August 2013 and was then subsequently submitted to the Financial Services Portfolio Committee, Exco, and Council in August 2013. Key dates applicable to the process were:

- **August 2013** – The Mayor tables the Schedule of Key deadlines to the relevant Council Committees;
- **November 2013** – Detail departmental budget proposals (capital and operating) submitted to the Budget Office for consolidation and assessment against the financial planning guidelines;
- **January 2014** - Council considers the 2013/14 Mid-year Review in terms of section 72 of the MFMA;

- **January 2014** - Council considers the 2013/14 Adjustments Budget;
- February 2014 – Manco discussion on draft budget proposals.
- **March 2014** – Multi-year budget proposals are submitted to the Budget Steering Committee for consideration and further deliberation;
- **28 March 2014** - Tabling in the Financial Services Portfolio Committee of the draft 2014/15 IDP and 2014/15 MTREF for consideration;
- **28 March 2014** - Tabling in the EXCO and Council of the draft 2014/15 IDP and 2014/15 MTREF for public consideration;
- **April/May 2014** – Public consultation, IDP Roadshows;
- **May 2014** – finalisation of the 2014/15 IDP review and 2014/15 MTREF, taking into consideration comments received from the public, comments from National and Provincial Treasuries, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **22 May 2014** - Tabling of the final 2014/15 MTREF before Council for consideration and approval.

There were minor deviations from the key dates set out in the Budget Time Schedule tabled in Council, however, the dates were still within the legislated timelines.

2.3 Process For Integration Of The IDP & Preparation Of The Budget

The budget process is integrated with the review of the IDP through the IDP review mechanism. The outcome of consultation feeding into the preparation and review of the IDP is taken into account in the budget process.

The Acting Deputy Municipal Manager: Planning and Economic Development arranged alignment forums, of which key outcomes were considered in the review of the IDP and for inclusion in the 2014/2015 Multi-Year Budget Consultation for the preparation of the uThungulu IDP.

The following is a summary of the consultation which has taken place to date in line with the IDP process:

- Nkandla 18 December 2013
- uMlalazi 29 October 2013
- Ntambanana 24 October 2013
- uMhlathuze 22 October 2013
- Mfolozi 06 October 2013
- Mthonjaneni 05 November 2013
- Amakhosi 11 October 2013

2.4 Process to Record and Integrate Input from the Community

The Acting Deputy Municipal Manager: Planning & Economic Development recorded inputs from the alignment forums and with Road shows held in October to December 2013. Road shows will be held in April 2014 in each Local Municipality Area to provide feedback on the tabled Budget / IDP as follows:

Zululand Chamber of Commerce (ZCCI) - 11 October 2013
District Amakhosi Road Show - 11 October 2013
Mfolozi - 6 October 2013
uMhlathuze - 22 October 2013
Ntambanana - 24 October 2013
uMlalazi - 29 October 2013
Mthonjaneni - 05 November 2013
Nkandla - 18 December 2013

Subsequent roadshows after the tabling of the 2014/15 draft multiyear budget will be held in various local municipalities in the District as follows;

2 APRIL	NTAMBANANA
15 APRIL	UMLALAZI
16 APRIL	MTHONJANENI
16 APRIL	UMHLATHUZE
17 APRIL	AMAKHOSI
22 APRIL	MFOLOZI
08 APRIL	NKANDLA



Community Members listening attentively during the May 2012 IDP/Budget Roadshows

2.5 Process And Media Used To Provide Information On The Budget And IDP To The Community

Some of the tools used for communicating the Budget/IDP, as contained in the Public Relations / Communication Strategy, are:

- Road shows in uMhlathuze, Mfolozi, Ntambanana, Nkandla, Mthonjaneni & uMlalazi Municipalities annually in April during the Budget/IDP comment phase and in October after Council approval of the IDP/Budget
- Monthly external newsletter *Izindaba Ezimtoti*
- Monthly internal newsletter *Ezisematheni*
- Budget Supplement in the local newspapers
- uThungulu website www.uthungulu.org.za
- Annual Service Commitment Charter booklet published annually.
- Annual Report – publication planned for January each year.
- Print media press releases as and when required to local and provincial newspapers
- Adverts in local and provincial newspapers as required
- IDP Representative Forum meetings
- District LED Forum meetings
- District Mayors' Forum meetings



Her Worship, The Hounorable Mayor TVB Mchunu during Senior Citizens' Day

2.6 Alignment Of Budget With IDP

The budget was prepared using the following IDP inputs:

- Situational Analysis
- The outputs of the consultations with the various stakeholders.
- Priority Development Issues
- Strategic approach

The information from the above processes was included in the budget according to the IDP prioritisation model. A preparation of the municipal Integrated Development Plan (IDP) has been prepared for the 2012/2013 to 2016/17 as required by the Municipal Systems Act and the MFMA. The document contains information on the following:

- Vision for the Uthungulu District Municipality
- Strategic Focus Areas
- Long-term goals or outcomes for the resident communities
- Alignment with national, provincial and district plans
- Consideration of service delivery and funding of housing, health and transport
- Description of prioritisation systems used for allocating resources to objectives
- Amendments to the IDP
- The consultative process undertaken to review the IDP

The Budget Steering Committee has been operational since the inception of the IDP preparation process. The committee acts as a support to the IDP preparation process.

It is important to note that the committee has been in existence for some time in the District that performs the functions of the Budget IDP alignment matters. With the 2014/2015 IDP Review this committee has been formalized in terms of the Regulations of the MFMA.

2.7 IDP FOCUS AREAS

The integrated development approach of the uThungulu District Municipality focuses on the combination of basic needs approach and economic development. As such, the district has been investing in physical, social and economic development aspects. Its investment has been founded on the approach of responding to areas of greatest need and areas with potential for greatest returns in terms of economic development.

The uThungulu District Municipality also focuses on its core functions as referenced in Section 84(1) of the Municipal Structures Act (No. 117 of 1998). The following table provides a summary of only those core functions (shaded areas) for the uThungulu District Municipality:

POWERS AND FUNCTIONS

In terms of Circular 8/2008: 2008/09 Capacity Assessments and Recommendations: Adjustment of Powers and Functions between District and Local Municipalities in terms of Section 85 of the Local Government: Municipal Structures Act 1998, the uThungulu Distri

			281	282	283	284	285	286
1	S 84(1)(a)	Integrated development planning for the district municipality including Development Plan for the local municipalities within the area of the District Municipality	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
2	S 84(1)(b)	Potable water supply that effects a significant proportion of the municipalities in the district	[grey]		[grey]	[grey]	[grey]	[grey]
3	S 84(1)(C)	Bulk supply of electricity						[grey]
4	S 84(1)(d)	Domestic waste-water and sewage disposal system	[grey]		[grey]	[grey]	[grey]	[grey]
5	S 84(1)(e)	Solid waste disposal sites serving the area of the District Municipality as a whole	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
6	S 84 (1)(f)	Municipal roads which form an integrated part of a road transport system for the area of the district municipality as a whole	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
7	S 84 (1)(g)	Regulation of passenger transport services	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
8	S 84 (1)(h)	Municipal airport serving the area of the district municipality as a whole	[grey]		[grey]	[grey]	[grey]	[grey]
9	S 84 (1)(i)	Municipal health serving the area of the district municipality as a whole	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
10	S 84 (1)(j)	Fire fighting services for district municipality as a whole	[grey]		[grey]		[grey]	[grey]
11	S 84 (1)(k)	Fresh produce markets and (abattoirs) serving the area of the district municipality as a whole	[grey]		[grey]	[grey]	[grey]	[grey]
12	S 84 (1)(l)	Cemeteries and crematoria	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
13	S 84 (1)(m)	Promotion of local tourism for the district municipality	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
14	S 84 (1)(n)	Municipal public works relating to any of the above function or and other functions assigned to the district municipality	[grey]		[grey]		[grey]	[grey]
	S 84 (1)(o)	The receipt, allocation and if applicable distribution of grants made to the district municipality	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
16	S 84 (1)(p)	The imposition and collection of taxes, levies and duties as related to the above functions or may be assigned to the District Municipality in terms of national	[grey]	[grey]	[grey]	[grey]	[grey]	[grey]
18	Sched 4 B	Building regulations	[grey]		[yellow]			[yellow]
22	Sched 4 B	Local Tourism	[yellow]		[yellow]		[yellow]	[yellow]
40	Sched 5 B	Licencing and control of undertakings that sell food to the public	[grey]		[grey]			[grey]
50	Sched 5 B	Refuse removal, refuse dumps, solid waste disposal and cleansing services			[yellow]			

[grey]	Allocated functions to the District
[yellow]	Functions ommitted from exicting enactment in terms of Extraordinary Provincial Gazette of KZN Vol3 No 299 dated 30 June 2009

2.8 IDP Strategic Objectives

The above is compartmentalized into the following eleven development strategies for the district:

STRATEGIC PRIORITIES	PROGRAMMES
Municipal Transformation and Organisational Development.	
	Human Resource Development
	Information & Communication Technology Services
	Administrative Services
	Individual Performance Management
	Organisational Performance Management
	Institutional Development
	Integrated Development Planning
Municipal Financial Viability and Management.	
	Financial management
	Budgeting and reporting
	Revenue Enhancement
	Expenditure control
	Improved Audit Opinion
Good Governance and Public Participation.	
	Public Relations & Communications
	Intergovernmental Relations
	Public Participation
	Batho Pele Principles
	Community Participation
	Nation-building and good governance.
	Improved Ward Information
Infrastructure Development and Service Delivery.	
	Electricity & Alternative Energy
	Regional Solid Waste
	Regional Cemeteries and Crematoria
	Municipal Roads and Public Transport Services
	Municipal Airports
	Municipal Public Works
	Regional Fresh Produce Market
	Abattoir
	ICT Infrastructure
	Rail Networks
	Harbour

STRATEGIC PRIORITIES	PROGRAMMES
Basic Services Provision	
	Access to Water (Potable Water and Waste Water)
	Access to Sanitation
	Potable Water, Waste Water and Sanitation
	Drought relief
	Upgrading of Water Services Networks
	Water Services Authority and Planning
	Access to Electricity (Energy)
	Access to Solid Waste (Regional Solid Waste)
	Regional Cemeteries and Crematoria
	Free Basic Services
	Improved access to basic services
	Improved access to Free Basic Services
Local Economic Development	
	Local Economic Development
	Local Economic Development of prioritised groups
	Local Tourism Development
	Agricultural Development
	Business and Industrial Development
	Community Work programme implemented and cooperatives supported
Sustainable Human Settlement & Land Management	
	Internal Fixed Assets
	Spatial Planning & Development
	Nodal Planning & Development
	Land Use Management
	Land Reform
	Housing
Human Resource Development	
	Education
	Skills Development
Rural Development & food security	
	Sustainable Livelihoods
	Rural development
	Agrarian Reform

STRATEGIC PRIORITIES	PROGRAMMES
Community Development & Social Services	
	Municipal Health
	Air Quality Management
	Safety & Security
	Crime Prevention
	Community, Service, Facilities and Actions
	Sport & Recreation Programme
	Disaster Management
	Marginalised Groups
	HIV/AIDS
	Culture, Arts & Heritage
Environmental & Resource Management	
	Integrated Environmental Management
	Coastal Management
	Responses to Climate Change

The 2014/2015 MTREF has therefore been directly informed by the above strategic objectives and the IDP.

2.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS
2.9.1 PROVISION OF CLEAN WATER AND MANAGING WASTE WATER

uThungulu District Municipality is a Water Services Authority (WSA) in terms of the Minister's determination of the municipal powers and function in terms of section 84 (b) and (d) of the Municipal Structures Act, Act 117 of 1998. The WSA functions are clearly defined in chapter 3 of the Water Services Act, Act 108 of 1997.

The WSA function status is only applicable to the five local municipalities namely;

Mfolozi Municipality	KZ 281
Ntambanana Municipality	KZ 283
uMlalazi Municipality	KZ 284
Mthonjaneni Municipality	KZ 285
Nkandla Municipality	KZ 286

Based on the aforementioned functions, a detailed Water Services Development Plan (WSDP) was prepared indicating the challenges facing the municipality. UThungulu is predominantly rural with only 20% being urban incorporating surrounding townships. The backlogs are reflected below;

Water Supply Backlog based on the 2011 census data

Basic Service	Number of Households (HH) with access	Number of HH without access	Backlog in Percentage based on 2011 Stats of 116 367 HH in the District
Access to Water	73 213	43154	37
Access to Sanitation	79523	36844	32

Based on the table above, it is clear that the municipality is faced with the challenge of ensuring that the 37% (43 154) households that have now been provided with water or have access to piped water and enjoys uninterrupted service.

To successfully achieve this mammoth task, the WSA undertook a Section 78 capacity assessment as prescribed in the Municipal Systems Act, Act 32 of 2000. This was done to assess the capacity of all local municipalities to ascertain if they would be able to undertake the Water Services Provider (WSP) function.

The outcome of this service indicated that all five municipalities would not be able to manage water services provision function within the extended areas. It be noted that the previous town councils only had capacity and resources to provide water services within their old boundaries. The newly established wall to wall municipalities resulted in massive extensions of the municipal boundaries with the inclusion of vast rural areas with limited infrastructure.

The 73 213 households receive water from over 250 water schemes. These water projects receive water from the following sources: boreholes, springs, rivers through weirs, dams and from bulk pipeline from other neighbouring municipalities.

Access to sanitation stands at 79523 of household served by rural sanitation (VIP) as well as water borne sewerage systems in urban areas except for Mbonambi Town which is entirely on septic tanks. That means our sanitation backlog is about 36 844 households representing 32%.

2.9.2 WATER SERVICES PROVIDER STATUS

In view of the fact that all local municipalities did not have capacity to undertake the WSP function, uThungulu entered into a service level agreement with the local municipalities, excluding KZ 282 to provide the WSP function for their entire respective servicing areas. This required that the municipality provide all resources and capacity to ensure that all systems were operational.

To achieve this successfully, uThungulu opted for the services of a service support agent (SSA) for rural schemes. Currently in the year ahead, uThungulu has budgeted R93m for the WSP function. The town supply schemes are operated and managed by UDM. uThungulu appointed the service of a service support agent WSSA.

In addition to the maintenance of rural schemes, the municipality is also responsible for the maintenance of rudimentary water supply facilities such as boreholes, standard developments schemes and protected localized springs which do not have piped network due to low yields.

In areas where boreholes and springs have dried up and where there is no prospect of groundwater, the municipality provide water with water tankers. As alluded earlier in the book, this cost has been increasing annually and no funding has been forthcoming from National and Provincial Government.

2.9.3 WATER QUALITY ISSUES

The municipality is taking the water quality issue very seriously. From last year, the municipality started to make budget provision to address water quality issues. Currently water quality is managed based on the Department of Water Affairs guidelines. These guidelines were reviewed in April 2009 to conform to the SANS 241 standard (blue and green drop). With the introduction of the blue drop performance rating, this standard was improved to only consider water conforming to the class 1 classification.

uThungulu is doing internal monitoring by sampling all its water schemes on a monthly basis and submit those results to DWA through an electronic reporting system. In addition to this, all water plants are equipped with chlorine test meters. The samples are taken on a daily basis for chlorine level monitoring. This also includes the turbidity testing. Most of uThungulu water quality has always been above the 80% compliance. The bulk failures are received from boreholes and spring sources mostly in areas without electricity.

❑ *EFFLUENT QUALITY*

The effluent samples are taken on a monthly basis and the results are submitted to DWA. Last year, the whole District attained 68% Green Drop compliance. However, in relation to effluent quality most of our schemes are within the 80% compliance rating. There are only two systems with serious problems due to the ageing infrastructure.

These systems are in Eshowe Town and at Melmoth. Most of the failure are on the oxidation ponds where excessive grown of vegetation has occurred.

❑ *WATER SAFETY PLAN*

Previously the municipality did not have a water safety plan as this was not compulsory. A budget provision was made available in the 2012/13 financial year with similar provisions made in the outer years. In March 2012, a draft water safety plan was sent to the Department of Water Affairs for approval.

It is important to state that all designs of bulk schemes had been based on 36 to 48hr storages. Since 2006, the municipality has embarked on a strategy to move away from unreliable local sources such as boreholes and springs as they are susceptible to groundwater fluctuations and are the first points of failure during drought.

❑ *PROBLEMS EXPERIENCED BY THE MUNICIPALITY*

- Huge number of backlogs still to be addressed by the municipality
- Ageing infrastructure in the towns
- Vast areas without water requiring carting of water by tankers
- Diminishing groundwater causing boreholes to dry or affecting water quality
- Negative impact on water supply due to high demand arising from excessive garden watering due to the “One House One Garden” which is a National Government campaign.
- Lack of metering in rural areas

- Vandalism of infrastructure by some community members
- Serious illegal water abstraction and abuse
- Insufficient funds for proper asset management
- Lack of capacity
- Serious challenges with the management of the Support Service Agent contract.

- *STEPS TO ADDRESS THE ABOVE PROBLEMS*

All the problems reflected above are covered in detail in the WSDP. The main intervention required to fast track the eradication of these problems is the topping up at least 30% of MIG funding to cover the increasing operational cost.

It should also be noted that as the new infrastructure is implemented, more funding is required for the operation and maintenance of these assets. Uthungulu has written a letter to the National Planning Commission requesting a policy review on MIG funding to address the operation and maintenance issues.

2.9.4 WATER CONSERVATION AND WATER DEMAND MANAGEMENT (WC/WDM)

uThungulu District Municipality has taken the issue of WC/WDM seriously. Council has approved the Water Conservation and Water Demand Management Strategy for uThungulu and its implementation is underway. In pursuance of this, a new section known as Water Use Efficiency (WUE) has been created and tasked with the responsibility of implementing the strategy. The first priority is to determine the level of non-revenue water and set targets to reduce based on the WC/WDM plan.

A service provider has been appointed for a period of 3 year to carryout analysis of various systems and do zoning and installation of bulk meters for the purpose of water balances. Another service provider has been appointed to replace conventional meters with smart meters and to carryout leak repairs in the customers' properties. These repairs will be a once off activity. Thereafter, our customers will be expected to manage their leaking appliances. In areas where we are experiences high rate of defaulters, the smart meters will be put of pre-paid mode.

2.9.5 PERFORMANCE INDICATORS AND BENCHMARKS

2.9.5.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. In this regard the Municipality has been independently rated by Global credit rating co. for the past three years and has received an A- rating for its long term credit worthiness. This is indicative of high certainty of timely payment and liquidity factors that are strong and supported by good fundamental protection factors. As with all other municipalities, uThungulu District Municipality's borrowing strategy is primarily informed by the

affordability of debt repayments. As alluded to in table A6 above, the municipality has settled an INCA bullet loan early, amounting to R21 m thereby reducing overall borrowings and lowering gearing..

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to monitored to ensure we maintain a healthy gearing ratio.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. Cognisance must be taken of the impact borrowings will have on future tariffs for service charges.

2.9.5.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves. Between 2010/2011 and 2012/13 the gearing ratio steadily decreased from 41%% to 29.8%. In the MTREF the ratio is budgeted to decrease from 24.1%(14/15) to 15% (16/17) and is primarily a result of the early settlement of the INCA bullet loan and no further borrowings.

- *Liquidity*
- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a 2:1, hence at no point in time should this ratio be less than 2. For the 2014/15 MTREF the current ratio is 3.4:1 and ranged from 2.8:1 to 3.4:1 for the two outer years of the MTREF. The forecasted current ratio's indicates the Municipalities long term sustainable favourable position.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1:1. Anything below 1 indicates a shortage in cash to meet creditor obligations. An analysis for the municipality's financial health indicates that the municipality has sufficient disposable funds to meet creditor's expenses, the ratios being 3.2:1, 2.5:1 and 3.1:1 for the three years of the MTREF.

2.9.5.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to target the high numbers of indigent consumers and create mechanisms so as to prevent any further arrear debts. Furthermore, regular interaction with Consumers and Ward Councillors, through the facilitation of workshops are aimed at building relationships with those that we serve and create an environment which is mutually beneficial for both the municipality and the consumer.

2.9.5.4 Creditors Management

The Municipality is aiming to ensure that creditors are settled within the legislated 30 days of invoice. This is expected to have a favourable impact on suppliers' perceptions of risk of doing business with the Municipality which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business. However, it must be noted that some payment delays are due to various factors such as, delay in the submission of invoices by suppliers and invoice queries not being resolved promptly.

2.9.5.5 Employee costs as a percentage of operating revenue remains fairly stable over the MTREF, with 26.8%, 27.3% and 30.3% over the MTREF. This is primarily owing to the increases in services charges being aligned to inflationary targets which determine the increase in expenses inclusive of employee costs.

2.9.6 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Council. With the exception of water, only registered indigents qualify for the free and subsidised services.

For the 2014/15 financial year approximately 2400 registered indigents have been provided for in the budget with this figure increasing to 2600 by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to 10kℓ fee water, and subsidised sanitation costs.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the statistics for free water supplied.

2.10 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The Budget related policies of the municipality have been reviewed and it served in the Rules Committee on the 24th March 2014. These policies will be taken to Council for final approval together with the draft 2014/2015 multi year budget on the 28th March 2014. These policies are as follows;

- Incentive Policy
- Indigent Policy
- Investment and Banking Policy
- Property, Plant and Equipment
- Tariff Policy
- Credit Control and Debt collection Policy (Bylaws)
- Virement Policy
- Budget policy
- Borrowing Policy
- Supply Chain Management
- Succession and Retention Policy
- Recruitment and Selection Policy
- Employment Equity Policy

2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

2.11.1 In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.

2.11.2 Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed a total of fourteen interns since the inception of this programme. Seven of these interns have completed their internships and others have left to seek other employment opportunities elsewhere, two have been offered permanent positions within the municipality, while five are currently undergoing training in various sections within the Finance department. These interns have been enrolled for the Certificate in Municipal Development Programme through Wits Business School and are scheduled to commence their training in May 2014.

2.11.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA. This Office is headed by a permanently employed Chief Financial Officer.

2.11.4 Audit Committee and Municipal Public Accounts Committee

An Audit Committee and the Municipal Public Accounts Committee has been established and is fully functional.

2.11.5 Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval directly aligned and informed by the 2014/15 MTREF. This documents will be finalised in terms of Section 53(1) of the MFMA.

2.11.6 Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.12 Annual Budget Tables – uThungulu Fresh Produce Market (Municipal Entity)

- Table D1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance									
Property rates	–	–	–	–	–	–	–	–	–
Service charges	–	–	–	–	–	–	–	–	–
Investment revenue	–	–	–	–	–	–	–	–	–
Transfers recognised - operational	–	–	–	–	–	–	39 438	83 061	82 645
Other own revenue	–	–	–	–	–	–	100 000	150 000	159 000
Total Revenue (excluding capital transfers and contributions)	–	–	–	–	–	–	139 438	233 061	241 645
Employee costs	–	–	–	–	–	–	7 390	7 833	8 303
Remuneration of Board Members	–	–	–	–	–	–	804	852	903
Depreciation and debt impairment	–	–	–	–	–	–	–	–	–
Finance charges	–	–	–	–	–	–	–	–	–
Materials and bulk purchases	–	–	–	–	–	–	3 180	3 371	3 573
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	–	–	–	–	–	–	103 887	144 714	153 212
Total Expenditure	–	–	–	–	–	–	115 260	156 770	165 991
Surplus/(Deficit)	–	–	–	–	–	–	24 178	76 291	75 654
Transfers recognised - capital	–	–	–	–	–	–	24 500	77 640	77 670
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	–	–	–	–	48 678	153 931	153 324
Taxation	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	–	–	–	–	–	–	48 678	153 931	153 324
Capital expenditure & funds sources									
Capital expenditure	–	–	–	–	–	–	24 500	75 000	75 000
Transfers recognised - capital	–	–	–	–	–	–	24 500	75 000	75 000
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–
Total sources of capital funds	–	–	–	–	–	–	24 500	75 000	75 000
Financial position									
Total current assets	–	–	–	–	–	–	1 178	4 291	5 154
Total non current assets	–	–	–	–	–	–	23 000	96 500	170 000
Total current liabilities	–	–	–	–	–	–	–	–	–
Total non current liabilities	–	–	–	–	–	–	–	–	–
Community wealth/Equity	–	–	–	–	–	–	24 178	100 791	175 154
Cash flows									
Net cash from (used) operating	–	–	–	–	–	–	25 678	78 113	75 863
Net cash from (used) investing	–	–	–	–	–	–	(24 500)	(75 000)	(75 000)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	–	–	–	–	–	–	1 178	4 291	5 154

- Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Source	1									
Property rates		–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–
Service charges - water revenue		–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–
Service charges - other		–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	–	–	–	–	–	–	–
Interest earned - external investments		–	–	–	–	–	–	–	–	–
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–
Fines		–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–
Transfers recognised - operational		–	–	–	–	–	–	14 938	5 421	4 975
Other revenue		–	–	–	–	–	–	100 000	150 000	159 000
Gains on disposal of PPE		–	–	–	–	–	–			
Total Revenue (excluding capital transfers and contributions)		–	–	–	–	–	–	114 938	155 421	163 975
Expenditure By Type										
Employee related costs		–	–	–	–	–	–	7 390	7 833	8 303
Remuneration of Directors		–	–	–	–	–	–	804	852	903
Debt impairment	4	–	–	–	–	–	–	–	–	–
Collection costs		–	–	–	–	–	–	–	–	–
Depreciation & asset impairment		–	–	–	–	–	–	1 500	1 500	1 500
Finance charges		–	–	–	–	–	–	–	–	–
Bulk purchases	2	–	–	–	–	–	–	–	–	–
Other materials	5	–	–	–	–	–	–	3 180	3 371	3 573
Contracted services		–	–	–	–	–	–	83 150	123 250	130 150
Transfers and grants		–	–	–	–	–	–	–	–	–
Other expenditure	3	–	–	–	–	–	–	19 237	19 964	21 562
Loss on disposal of PPE		–	–	–	–	–	–			
Total Expenditure		–	–	–	–	–	–	115 260	156 770	165 991
Surplus/(Deficit)		–	–	–	–	–	–	(322)	(1 349)	(2 016)
Transfers recognised - capital		–	–	–	–	–	–	24 500	77 640	77 670
Contributions recognised - capital		–	–	–	–	–	–	–	–	–
Contributions of PPE		–	–	–	–	–	–			
Surplus/(Deficit) after capital transfers & contributions		–	–	–	–	–	–	24 178	76 291	75 654
Taxation		–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year		–	–	–	–	–	–	24 178	76 291	75 654
References										

- Table D3 Capital Budget by vote and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-Year expenditure										
Market		–	–	–	–	–	–	22 500	75 000	75 000
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	–	–	–	–	22 500	75 000	75 000
Single Year expenditure										
Office equipent and furniture		–	–	–	–	–	–	2 000	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
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		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	–	–	–	–	–	–	2 000	–	–
Total Capital Expenditure	4	–	–	–	–	–	–	24 500	75 000	75 000
Funded by:										
National Government		–	–	–	–	–	–	9 500	75 000	75 000
Provincial Government		–	–	–	–	–	–	–	–	–
Parent Municipality		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	15 000	–	–
Transfers recognised - capital		–	–	–	–	–	–	24 500	75 000	75 000
Public contributions & donations	6	–	–	–	–	–	–	–	–	–
Borrowing	3	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	–	–	–	–	–	–
Total Capital Funding	4	–	–	–	–	–	–	24 500	75 000	75 000

- Table D4 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS										
Current assets										
Cash		–	–	–	–	–	–	1 178	4 291	5 154
Call investment deposits		–	–	–	–	–	–	–	–	–
Consumer debtors		–	–	–	–	–	–	–	–	–
Other debtors		–	–	–	–	–	–	–	–	–
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–
Inventory		–	–	–	–	–	–	–	–	–
Total current assets		–	–	–	–	–	–	1 178	4 291	5 154
Non current assets										
Long-term receivables	3	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–
Property, plant and equipment	1	–	–	–	–	–	–	23 000	96 500	170 000
Agricultural assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangible assets		–	–	–	–	–	–	–	–	–
Total non current assets		–	–	–	–	–	–	23 000	96 500	170 000
TOTAL ASSETS		–	–	–	–	–	–	24 178	100 791	175 154
LIABILITIES										
Current liabilities										
Bank overdraft		–	–	–	–	–	–	–	–	–
Borrowing		–	–	–	–	–	–	–	–	–
Consumer deposits		–	–	–	–	–	–	–	–	–
Trade and other payables		–	–	–	–	–	–	–	–	–
Provisions	3	–	–	–	–	–	–	–	–	–
Total current liabilities		–	–	–	–	–	–	–	–	–
Non current liabilities										
Borrowing		–	–	–	–	–	–	–	–	–
Provisions	3	–	–	–	–	–	–	–	–	–
Total non current liabilities		–	–	–	–	–	–	–	–	–
TOTAL LIABILITIES		–	–	–	–	–	–	–	–	–
NET ASSETS	2	–	–	–	–	–	–	24 178	100 791	175 154
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		–	–	–	–	–	–	24 178	100 791	175 154
Reserves		–	–	–	–	–	–	–	–	–
Share capital		–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	–	–	–	–	–	24 178	100 791	175 154

- Table D5 Budgeted Cash Flow

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		–	–	–	–	–	–	100 000	150 000	159 000
Government - operating		–	–	–	–	–	–	14 938	5 421	4 975
Government - capital		–	–	–	–	–	–	24 500	77 640	77 670
Interest		–	–	–	–	–	–	–	–	–
Dividends		–	–	–	–	–	–	–	–	–
Payments	2									
Suppliers and employees		–	–	–	–	–	–	(113 760)	(154 948)	(165 782)
Finance charges		–	–	–	–	–	–	–	–	–
Dividends paid		–	–	–	–	–	–	–	–	–
Transfers and Grants		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	–	–	–	–	25 678	78 113	75 863
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–
Payments										
Capital assets		–	–	–	–	–	–	(24 500)	(75 000)	(75 000)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	–	–	–	(24 500)	(75 000)	(75 000)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	1	–	–	–	–	–	–	1 178	3 113	863
Cash/cash equivalents at the year begin:	2	–	–	–	–	–	–	–	1 178	4 291
Cash/cash equivalents at the year end:	2	–	–	–	–	–	–	1 178	4 291	5 154

2.13 Consolidated Draft Annual Budget Tables

DC28 uThungulu - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	41 193	48 017	49 902	50 798	51 818	51 818	–	56 957	64 297	72 699
Investment revenue	24 150	26 998	27 114	27 033	28 013	28 013	–	25 113	26 620	28 217
Transfers recognised - operational	282 180	349 642	396 374	409 252	411 677	412 401	–	466 075	466 775	457 821
Other own revenue	13 592	8 776	10 170	37 073	185 803	185 803	–	139 821	192 489	185 488
Total Revenue (excluding capital transfers and contributions)	361 115	433 433	483 560	524 156	677 311	678 035	–	687 966	750 180	744 225
Employee costs	86 623	88 085	99 493	138 704	130 369	130 369	–	162 678	171 910	185 368
Remuneration of councillors	5 492	7 870	8 523	9 277	9 727	9 727	–	11 388	12 113	12 885
Depreciation & asset impairment	40 061	36 543	50 493	45 827	45 827	45 827	–	50 372	54 420	58 470
Finance charges	12 699	11 901	13 490	11 460	11 460	11 460	–	7 988	7 988	8 432
Materials and bulk purchases	24 470	29 204	29 466	25 381	30 819	30 819	–	30 008	45 492	56 482
Transfers and grants	–	–	11 127	11 857	11 857	11 857	–	7 181	7 473	7 897
Other expenditure	195 999	226 174	258 489	283 571	324 884	325 609	–	423 143	469 549	496 317
Total Expenditure	365 344	399 776	471 082	526 077	564 944	565 668	–	692 758	768 946	825 851
Surplus/(Deficit)	(4 229)	33 657	12 479	(1 921)	112 367	112 367	–	(4 792)	(18 766)	(81 626)
Transfers recognised - capital	103 908	183 592	173 857	238 908	237 262	238 362	–	351 755	681 627	488 727
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	99 679	217 250	186 336	236 987	349 629	350 729	–	346 963	662 861	407 101
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	99 679	217 250	186 336	236 987	349 629	350 729	–	346 963	662 861	407 101
Capital expenditure & funds sources										
Capital expenditure	116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447
Transfers recognised - capital	103 519	186 187	160 743	239 237	250 542	250 542	–	343 086	603 987	377 957
Public contributions & donations	–	–	–	2 000	8 000	8 000	–	–	–	–
Borrowing	2 842	956	3 088	–	12 198	12 198	–	–	–	–
Internally generated funds	10 618	14 786	9 848	36 251	120 489	120 489	–	25 570	18 465	3 490
Total sources of capital funds	116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447
Financial position										
Total current assets	402 526	420 899	505 448	394 537	394 325	394 325	–	411 609	423 390	438 184
Total non current assets	913 354	1 098 587	1 200 441	1 592 394	1 707 950	1 707 950	–	2 043 650	2 686 041	3 083 373
Total current liabilities	223 735	172 523	205 505	89 084	88 872	88 872	–	119 991	151 665	128 900
Total non current liabilities	186 607	187 422	154 508	160 076	160 076	160 076	–	160 447	154 522	147 502
Community wealth/Equity	905 538	1 159 542	1 345 876	1 737 771	1 853 327	1 853 327	–	2 174 821	2 803 243	3 245 155
Cash flows										
Net cash from (used) operating	194 303	212 887	249 404	281 379	265 423	265 423	–	447 424	716 080	481 267
Net cash from (used) investing	(89 545)	(209 249)	(145 830)	(259 136)	(374 692)	(374 692)	–	(393 649)	(698 011)	(457 003)
Net cash from (used) financing	(1 481)	(2 279)	(24 442)	(4 536)	(4 536)	(4 536)	–	(6 151)	(8 664)	(12 037)
Cash/cash equivalents at the year end	365 359	366 718	445 850	330 458	332 045	332 045	445 850	379 668	389 073	401 299
Cash backing/surplus reconciliation										
Cash and investments available	365 358	387 717	445 848	352 266	352 266	352 266	–	379 668	389 073	401 299
Application of cash and investments	365 359	387 717	445 848	352 266	352 266	352 266	–	379 668	389 073	401 299
Balance - surplus (shortfall)	(0)	(0)	0	–	–	–	–	(0)	0	(0)
Asset management										
Asset register summary (WDV)	926 539	1 087 769	1 225 328	1 501 739	1 615 479	1 615 479	1 983 761	1 983 761	2 605 838	2 986 910
Depreciation & asset impairment	40 061	36 543	50 493	45 827	45 827	45 827	50 372	50 372	54 420	58 470
Renewal of Existing Assets	194 903	–	–	194 903	285 491	285 491	285 491	348 864	556 887	304 707

DC28 uThungulu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
Governance and administration		301 175	420 639	385 894	502 042	652 996	–	635 956	902 910	711 007
Executive and council		–	–	–	–	–	–	–	–	–
Budget and treasury office		301 175	420 639	385 894	502 042	652 996	–	635 956	902 910	711 007
Corporate services		–	–	–	–	–	–	–	–	–
Community and public safety		316	217	16 200	17 335	17 335	–	18 471	19 763	21 347
Community and social services		316	217	270	285	285	–	213	234	257
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	15 930	17 050	17 050	–	18 258	19 529	21 090
Economic and environmental services		13 780	14 389	–	–	–	–	139 438	233 061	241 645
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		13 780	14 389	–	–	–	–	139 438	233 061	241 645
Trading services		149 752	181 781	255 322	243 686	246 065	–	266 794	281 494	263 928
Electricity		–	–	–	–	–	–	–	–	–
Water		139 000	169 596	181 625	188 067	191 206	–	201 791	216 517	233 766
Waste water management		3 513	3 740	61 975	41 919	42 139	–	48 563	45 249	6 489
Waste management		7 239	8 445	11 722	13 700	12 720	–	16 440	19 728	23 673
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	465 023	617 026	657 417	763 064	916 397	–	1 060 658	1 437 228	1 237 927
Expenditure - Standard										
Governance and administration		67 653	80 195	99 545	106 278	135 575	–	120 738	125 157	130 993
Executive and council		17 360	35 235	29 396	20 186	35 465	–	25 795	27 337	28 695
Budget and treasury office		22 902	18 355	34 271	38 427	46 682	–	43 412	45 367	47 529
Corporate services		27 391	26 605	35 878	47 665	53 428	–	51 530	52 452	54 769
Community and public safety		19 286	21 416	28 032	38 876	39 358	–	41 095	43 655	46 163
Community and social services		9 309	8 937	15 612	15 786	20 329	–	15 334	16 028	16 480
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		5 526	6 799	5 279	6 240	6 349	–	7 603	8 198	8 699
Housing		–	–	–	–	–	–	–	–	–
Health		4 451	5 680	7 141	16 850	12 680	–	18 158	19 429	20 984
Economic and environmental services		8 665	8 881	12 086	17 586	24 322	–	144 355	178 463	188 804
Planning and development		8 665	8 881	12 086	17 586	24 322	–	144 355	178 463	188 804
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		275 771	298 530	331 419	363 336	366 413	–	392 507	427 093	464 866
Electricity		–	–	–	–	–	–	–	–	–
Water		241 975	225 988	245 278	299 758	297 950	–	321 302	358 592	398 880
Waste water management		15 181	42 811	59 426	39 247	43 542	–	45 580	41 840	35 914
Waste management		18 615	29 731	26 715	24 331	24 921	–	25 626	26 661	30 072
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	371 375	409 021	471 081	526 076	565 668	–	698 695	774 367	830 826
Surplus/(Deficit) for the year		93 648	208 005	186 336	236 988	350 729	–	361 963	662 861	407 101

DC28 uThungulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–
Vote 2 - Economic Development, Planning & Enviroment		–	–	–	–	–	–	139 438	233 061	241 645
Vote 3 - Community & Social Services		316	217	270	285	285	–	213	234	257
Vote 4 - Public Safety		–	–	–	–	–	–	–	–	–
Vote 5 - Enviromental Health		13 780	14 389	15 930	17 050	17 050	–	18 258	19 529	21 090
Vote 6 - Finance & Administration		301 801	420 639	385 894	502 042	652 996	–	635 956	902 910	711 007
Vote 7 - Infrastructure Services		138 375	169 596	181 625	188 067	191 206	–	201 791	216 517	233 766
Vote 8 - Waste Management		7 239	8 445	11 722	13 700	12 720	–	16 440	19 728	23 673
Vote 9 - Waste Water Management		3 513	3 740	61 975	41 919	42 139	–	48 563	45 249	6 489
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	465 024	617 026	657 417	763 064	916 397	–	1 060 658	1 437 228	1 237 927
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		28 450	35 235	44 355	39 068	57 051	–	44 938	47 921	50 499
Vote 2 - Economic Development, Planning & Enviroment		8 603	8 881	12 085	17 586	24 322	–	144 355	178 463	188 804
Vote 3 - Community & Social Services		9 242	8 936	15 612	15 786	20 329	–	15 334	16 028	16 480
Vote 4 - Public Safety		5 496	6 799	5 279	6 240	6 349	–	7 603	8 198	8 699
Vote 5 - Enviromental Health		4 444	5 680	7 141	16 850	12 680	–	18 158	19 429	20 984
Vote 6 - Finance & Administration		40 530	44 960	55 191	67 210	78 524	–	75 800	77 236	80 494
Vote 7 - Infrastructure Services		240 843	225 988	245 278	299 758	297 950	–	321 302	358 592	398 880
Vote 8 - Waste Management		18 609	29 731	26 714	24 331	24 921	–	25 626	26 661	30 072
Vote 9 - Waste Water Management		15 157	42 811	59 426	39 247	43 542	–	45 580	41 840	35 914
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	371 375	409 021	471 081	526 076	565 668	–	698 695	774 367	830 826
Surplus/(Deficit) for the year	2	93 650	208 005	186 336	236 988	350 729	–	361 963	662 861	407 101

DC28 uThungulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	30 125	35 616	33 305	32 053	34 053	34 053	–	34 942	38 436	42 279
Service charges - sanitation revenue	2	3 513	3 740	4 605	4 759	4 759	4 759	–	5 363	5 899	6 489
Service charges - refuse revenue	2	7 239	8 445	11 722	13 700	12 720	12 720	–	16 440	19 728	23 673
Service charges - other		316	217	270	285	285	285		213	234	257
Rental of facilities and equipment		38	34	–	–	–					
Interest earned - external investments		24 150	26 998	27 114	27 033	28 013	28 013		25 113	26 620	28 217
Interest earned - outstanding debtors		56	40	34	246	1 207	1 207		3 803	4 031	4 273
Dividends received		–		–	–	–					
Fines		–		–	–	–					
Licences and permits		–		–	–	–					
Agency services		–		–	–	–					
Transfers recognised - operational		282 180	349 642	396 374	409 252	411 677	412 401		466 075	466 775	457 821
Other revenue	2	12 897	8 703	10 136	36 827	184 596	184 596	–	136 018	188 458	181 215
Gains on disposal of PPE		601									
Total Revenue (excluding capital transfers and contributions)		361 115	433 433	483 560	524 156	677 311	678 035	–	687 966	750 180	744 225
Expenditure By Type											
Employee related costs	2	86 623	88 085	99 493	138 704	130 369	130 369	–	162 678	171 910	185 368
Remuneration of councillors		5 492	7 870	8 523	9 277	9 727	9 727		11 388	12 113	12 885
Debt impairment	3	6 436	8 024	4 190	8 096	13 205	13 205		7 993	8 502	8 722
Depreciation & asset impairment	2	40 061	36 543	50 493	45 827	45 827	45 827	–	50 372	54 420	58 470
Finance charges		12 699	11 901	13 490	11 460	11 460	11 460		7 988	7 988	8 432
Bulk purchases	2	24 470	29 204	29 466	25 082	30 520	30 520	–	26 462	41 733	52 500
Other materials	8			–	299	299	299		3 547	3 760	3 982
Contracted services		60 161	63 005	65 270	80 721	83 677	83 677	–	179 107	229 843	249 111
Transfers and grants		–	–	11 127	11 857	11 857	11 857	–	7 181	7 473	7 897
Other expenditure	4, 5	129 401	154 726	189 029	194 755	228 002	228 727	–	236 042	231 204	238 485
Loss on disposal of PPE			419								
Total Expenditure		365 344	399 776	471 082	526 077	564 944	565 668	–	692 758	768 946	825 851
Surplus/(Deficit)		(4 229)	33 657	12 479	(1 921)	112 367	112 367	–	(4 792)	(18 766)	(81 626)
Transfers recognised - capital		103 908	183 592	173 857	238 908	237 262	238 362		351 755	681 627	488 727
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		99 679	217 250	186 336	236 987	349 629	350 729	–	346 963	662 861	407 101
Taxation											
Surplus/(Deficit) after taxation		99 679	217 250	186 336	236 987	349 629	350 729	–	346 963	662 861	407 101
Attributable to minorities									(11 847)	(37 383)	(37 070)
Surplus/(Deficit) attributable to municipality		99 679	217 250	186 336	236 987	349 629	350 729	–	335 116	625 479	370 031
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		99 679	217 250	186 336	236 987	349 629	350 729	–	335 116	625 479	370 031

DC28 uThungulu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Economic Development, Planning & Enviroment		–	–	–	–	–	–	–	157 500	–	–
Vote 3 - Community & Social Services		–	–	364	9 431	9 131	9 131	–	7 300	1 500	1 000
Vote 4 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 5 - Enviromental Health		–	–	–	–	–	–	–	–	–	–
Vote 6 - Finance & Administration		1 150	2 423	–	–	–	–	–	700	1 000	500
Vote 7 - Infrastructure Services		28 723	76 862	156 579	185 472	227 406	227 406	–	336 819	502 634	373 707
Vote 8 - Waste Management		85 155	121 267	–	–	17 232	17 232	–	–	–	–
Vote 9 - Waste Water Management		647	194	–	–	7 514	7 514	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	115 675	200 746	156 943	194 903	261 282	261 282	–	502 319	505 134	375 207
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	1 495	1 620	1 660	1 660	–	50	–	–
Vote 2 - Economic Development, Planning & Enviroment		–	–	–	–	18 000	18 000	–	2 000	–	–
Vote 3 - Community & Social Services		–	–	42	–	3 200	3 200	–	180	–	240
Vote 4 - Public Safety		–	–	5	–	250	250	–	1 200	1 000	–
Vote 5 - Enviromental Health		–	–	–	200	200	200	–	–	–	–
Vote 6 - Finance & Administration		1 304	1 183	4 390	1 240	13 742	13 742	–	1 400	1 500	1 000
Vote 7 - Infrastructure Services		–	–	3 257	69 025	77 294	77 294	–	15 957	108 818	5 000
Vote 8 - Waste Management		–	–	–	10 500	10 000	10 000	–	50	–	–
Vote 9 - Waste Water Management		–	–	7 545	–	5 600	5 600	–	5 000	6 000	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		1 304	1 183	16 735	82 585	129 946	129 946	–	25 837	117 318	6 240
Total Capital Expenditure - Vote		116 979	201 929	173 678	277 488	391 229	391 229	–	528 156	622 452	381 447
Capital Expenditure - Standard											
Governance and administration		6 047	3 235	5 885	2 860	15 402	15 402	–	2 150	2 500	1 500
Executive and council		58	963	185	1 620	1 660	1 660		50		
Budget and treasury office		5 989	2 272	345	240	583	583		900	1 200	700
Corporate services				5 355	1 000	13 159	13 159		1 200	1 300	800
Community and public safety		49	1 162	411	9 431	12 581	12 581	–	8 680	2 500	1 240
Community and social services		47	1 162	406	9 431	12 331	12 331		7 480	1 500	1 240
Sport and recreation				–		–	–				
Public safety		1		5	–	250	250		1 200	1 000	–
Housing				–	–	–	–				
Health				–	–	–	–				
Economic and environmental services		18	33	–	200	18 200	18 200	–	–	–	–
Planning and development		18	33	–	–	18 000	18 000				
Road transport				–	–	–	–				
Environmental protection				–	200	200	200				
Trading services		110 865	197 499	167 382	264 997	345 045	345 045	–	357 826	617 452	378 707
Electricity				–	–	–	–				
Water		110 813	197 324	159 837	254 497	304 700	304 700		352 776	611 452	378 707
Waste water management		60	94	7 545	–	13 114	13 114		5 000	6 000	
Waste management		(7)	81	–	10 500	27 232	27 232		50		
Other				–	–	–	–				
Total Capital Expenditure - Standard	3	116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447
Funded by:											
National Government		103 519	186 187	160 724	239 237	219 580	219 580		343 086	603 987	377 957
Provincial Government				19	–	30 962	30 962				
District Municipality				–	–	–	–				
Other transfers and grants				–	–	–	–				
Transfers recognised - capital	4	103 519	186 187	160 743	239 237	250 542	250 542	–	343 086	603 987	377 957
Public contributions & donations	5				2 000	8 000	8 000				
Borrowing	6	2 842	956	3 088	–	12 198	12 198				
Internally generated funds		10 618	14 786	9 848	36 251	120 489	120 489		25 570	18 465	3 490
Total Capital Funding	7	116 979	201 929	173 678	277 488	391 229	391 229	–	368 656	622 452	381 447

DC28 uThungulu - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		45 358	86 717	75 848	22 266	22 266	22 266		24 668	29 073	31 299
Call investment deposits	1	320 000	280 000	370 000	330 000	330 000	330 000	–	355 000	360 000	370 000
Consumer debtors	1	15 504	22 970	37 791	12 523	12 523	12 523	–	13 775	15 153	16 668
Other debtors		14 562	25 056	14 502	21 665	21 453	21 453		9 632	10 162	10 721
Current portion of long-term receivables		33	35	38	32	32	32		40	41	43
Inventory	2	7 069	6 122	7 269	8 051	8 051	8 051		8 493	8 961	9 453
Total current assets		402 526	420 899	505 448	394 537	394 325	394 325	–	411 609	423 390	438 184
Non current assets											
Long-term receivables		542	496	440	411	411	411		354	313	269
Investments		–	21 000								
Investment property		–	–								
Investment in Associate		25 720	25 207	24 673	30 601	30 601	30 601		23 573	22 973	22 373
Property, plant and equipment	3	885 116	1 050 408	1 174 251	1 560 906	1 676 462	1 676 462	–	2 018 971	2 661 278	3 059 030
Agricultural											
Biological											
Intangible		1 976	1 477	1 077	476	476	476		751	1 476	1 701
Other non-current assets											
Total non current assets		913 354	1 098 587	1 200 441	1 592 394	1 707 950	1 707 950	–	2 043 650	2 686 041	3 083 373
TOTAL ASSETS		1 315 880	1 519 487	1 705 889	1 986 931	2 102 275	2 102 275	–	2 455 258	3 109 430	3 521 557
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	7 451	9 327	10 595	12 036	12 036	12 036	–	13 654	15 531	11 047
Consumer deposits		7 244	8 229	9 114	7 868	7 868	7 868		8 655	9 520	10 472
Trade and other payables	4	207 597	153 457	168 870	66 836	66 836	66 836	–	95 209	124 005	104 628
Provisions		1 443	1 510	16 926	2 344	2 132	2 132		2 473	2 609	2 752
Total current liabilities		223 735	172 523	205 505	89 084	88 872	88 872	–	119 991	151 665	128 900
Non current liabilities											
Borrowing		108 739	104 584	78 874	72 487	72 487	72 487	–	63 931	52 525	39 710
Provisions		77 868	82 838	75 634	87 589	87 589	87 589	–	96 516	101 997	107 791
Total non current liabilities		186 607	187 422	154 508	160 076	160 076	160 076	–	160 447	154 522	147 502
TOTAL LIABILITIES		410 342	359 945	360 013	249 160	248 948	248 948	–	280 438	306 187	276 402
NET ASSETS	5	905 538	1 159 542	1 345 876	1 737 771	1 853 327	1 853 327	–	2 174 821	2 803 243	3 245 155
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		640 546	894 550	1 080 884	1 472 779	1 588 335	1 588 335		1 897 981	2 512 715	2 905 710
Reserves	4	264 992	264 992	264 992	264 992	264 992	264 992	–	264 992	264 992	264 992
Minorities' interests									11 847	25 535	74 453
TOTAL COMMUNITY WEALTH/EQUITY	5	905 538	1 159 542	1 345 876	1 737 771	1 853 327	1 853 327	–	2 174 821	2 803 243	3 245 155

DC28 uThungulu - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		57 404	40 331	55 835	59 240	68 735	68 735		166 085	224 860	242 058
Government - operating	1	266 936	306 150	337 874	409 252	406 552	406 552		472 313	472 596	463 296
Government - capital	1	130 586	205 088	244 168	240 908	239 262	239 262		366 755	681 627	488 727
Interest		24 205	27 038	27 147	27 279	29 220	29 220		28 916	30 651	32 490
Dividends											
Payments											
Suppliers and employees		(266 099)	(344 574)	(391 003)	(437 139)	(460 185)	(460 185)		(572 719)	(680 245)	(731 897)
Finance charges		(12 699)	(11 901)	(13 490)	(6 304)	(6 304)	(6 304)		(7 988)	(7 988)	(8 432)
Transfers and Grants	1	(6 031)	(9 244)	(11 127)	(11 857)	(11 857)	(11 857)		(5 938)	(5 421)	(4 975)
NET CASH FROM/(USED) OPERATING ACTIVITIES		194 303	212 887	249 404	281 379	265 423	265 423	–	447 424	716 080	481 267
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 319	175								
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		317	44	53	42	42	42		57	41	44
Decrease (increase) in non-current investments		17 926	(20 487)	21 534	18 310	18 310	18 310		(550)	(600)	(600)
Payments											
Capital assets		(109 107)	(188 981)	(167 417)	(277 488)	(393 044)	(393 044)		(393 156)	(697 452)	(456 447)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(89 545)	(209 249)	(145 830)	(259 136)	(374 692)	(374 692)	–	(393 649)	(698 011)	(457 003)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits					410	410	410		787	865	952
Payments											
Repayment of borrowing		(1 481)	(2 279)	(24 442)	(4 946)	(4 946)	(4 946)		(6 938)	(9 529)	(12 989)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 481)	(2 279)	(24 442)	(4 536)	(4 536)	(4 536)	–	(6 151)	(8 664)	(12 037)
NET INCREASE/ (DECREASE) IN CASH HELD		103 277	1 359	79 132	17 707	(113 805)	(113 805)	–	47 623	9 405	12 227
Cash/cash equivalents at the year begin:	2	262 082	365 359	366 718	312 751	445 850	445 850	445 850	332 045	379 668	389 073
Cash/cash equivalents at the year end:	2	365 359	366 718	445 850	330 458	332 045	332 045	445 850	379 668	389 073	401 299

DC28 uThungulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	365 359	366 718	445 850	330 458	332 045	332 045	445 850	379 668	389 073	401 299
Other current investments > 90 days		(0)	(1)	(2)	21 808	20 221	20 221	(445 850)	(0)	0	(0)
Non current assets - Investments	1	–	21 000	–	–	–	–	–	–	–	–
Cash and investments available:		365 358	387 717	445 848	352 266	352 266	352 266	–	379 668	389 073	401 299
Application of cash and investments											
Unspent conditional transfers		91 246	26 500	32 460	–	–	–	–	–	–	–
Unspent borrowing		19 392	16 641	12 198	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	83 923	92 501	87 397	43 510	56 889	56 889	–	75 154	101 563	78 698
Other provisions		79 311	84 348	91 930	89 933	89 933	89 933		98 989	104 606	110 543
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	91 486	167 727	221 863	218 823	205 444	205 444		205 525	182 904	212 058
Total Application of cash and investments:		365 359	387 717	445 848	352 266	352 266	352 266	–	379 668	389 073	401 299
Surplus(shortfall)		(0)	(0)	0	–	–	–	–	(0)	0	(0)

DC28 uThungulu - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE										
Total New Assets	1	116 979	201 929	174 201	82 585	105 738	105 738	19 792	65 565	76 740
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		28 723	76 862	159 765	69 025	64 498	64 498	14 412	58 565	75 000
Infrastructure - Sanitation		647	194	7 545	–	4 600	4 600	–	2 000	–
Infrastructure - Other		85 155	121 267	3 188	10 500	10 500	10 500	–	–	–
Infrastructure		*114 525*	*198 323*	*170 498*	*79 525*	*79 598*	*79 598*	*14 412*	*60 565*	*75 000*
Community		–	–	89	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	2 250	3 446	3 522	2 584	25 664	25 664	4 730	3 900	1 140
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		204	160	93	476	476	476	650	1 100	600
Total Renewal of Existing Assets	2	194 903	–	–	194 903	285 491	285 491	348 864	556 887	304 707
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		185 472	–	–	185 472	243 272	243 272	338 364	552 887	303 707
Infrastructure - Sanitation		–	–	–	–	8 514	8 514	5 000	4 000	–
Infrastructure - Other		–	–	–	–	16 732	16 732	–	–	–
Infrastructure		*185 472*	–	–	*185 472*	*268 517*	*268 517*	*343 364*	*556 887*	*303 707*
Community		9 431	–	–	9 431	8 509	8 509	5 500	–	1 000
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	8 465	8 465	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		214 195	76 862	159 765	254 497	307 770	307 770	352 776	611 452	378 707
Infrastructure - Sanitation		647	194	7 545	–	13 114	13 114	5 000	6 000	–
Infrastructure - Other		85 155	121 267	3 188	10 500	27 232	27 232	–	–	–
Infrastructure		*299 997*	*198 323*	*170 498*	*264 997*	*348 115*	*348 115*	*357 776*	*617 452*	*378 707*
Community		9 431	–	89	9 431	8 509	8 509	5 500	–	1 000
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		2 250	3 446	3 522	2 584	34 128	34 128	4 730	3 900	1 140
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		204	160	93	476	476	476	650	1 100	600
TOTAL CAPITAL EXPENDITURE - Asset class	2	311 882	201 929	174 201	277 488	391 229	391 229	368 656	622 452	381 447
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water				569 326	823 823	872 646	872 646	1 225 422	1 836 875	2 215 582
Infrastructure - Sanitation			44 645	26 882	26 882	39 996	39 996	44 996	50 996	50 996
Infrastructure - Other		840 043	960 934	549 759	569 690	589 749	589 749	595 249	595 249	596 249
Infrastructure		*840 043*	*1 005 578*	*1 145 966*	*1 420 394*	*1 502 390*	*1 502 390*	*1 865 667*	*2 483 119*	*2 862 826*
Community										
Heritage assets										
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		84 521	80 714	78 285	80 868	112 613	112 613	117 343	121 243	122 383
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		1 976	1 477	1 077	476	476	476	751	1 476	1 701
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	926 539	1 087 769	1 225 328	1 501 739	1 615 479	1 615 479	1 983 761	2 605 838	2 986 910
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		40 061	36 543	50 493	45 827	45 827	45 827	50 372	54 420	58 470
Repairs and Maintenance by Asset Class	3	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		40 061	36 543	50 493	45 827	45 827	45 827	50 372	54 420	58 470

DC28 uThungulu - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling		20 820	20 982		21 200	22 260	22 260	24 486	28 159	30 975
Piped water inside yard (but not in dwelling)		20 170	21 800		25 000	26 250	26 250	28 875	33 206	36 527
Using public tap (at least min.service level)	2	21 260	22 000		22 300	23 415	23 415	25 757	29 620	32 582
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		62 250	64 782	–	68 500	71 925	71 925	79 118	90 985	100 084
Using public tap (< min.service level)	3	5 480	6 325		8 108	8 513	8 513	9 365	10 769	11 846
Other water supply (< min.service level)	4				–	–	–	–	–	–
No water supply		47 316	43 939		38 438	40 360	40 360	44 396	51 055	56 161
Below Minimum Service Level sub-total		52 796	50 264	–	46 546	48 873	48 873	53 761	61 825	68 007
Total number of households	5	115 046	115 046	–	115 046	120 798	120 798	132 878	152 810	168 091
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		16 850	16 980		16 980	17 829	17 829	19 612	22 554	24 809
Flush toilet (with septic tank)		4 190	4 250		4 250	4 463	4 463	4 909	5 645	6 210
Chemical toilet					–	–	–	–	–	–
Pit toilet (ventilated)		42 286	36 126		52 021	54 623	54 623	60 085	69 097	76 007
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		63 326	57 356	–	73 251	76 914	76 914	84 605	97 296	107 026
Bucket toilet										
Other toilet provisions (< min.service level)		51 720	57 950		41 795	43 885	43 885	48 273	55 514	61 066
No toilet provisions										
Below Minimum Service Level sub-total		51 720	57 950	–	41 795	43 885	43 885	48 273	55 514	61 066
Total number of households	5	115 046	115 306	–	115 046	120 799	120 799	132 879	152 810	168 091

2.14 Municipal Manager’s quality certificate

I …………………………………, municipal manager of uThungulu District, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name ____

Municipal Manager of UThungulu District (DC28)

Signature ____

Date ____________________________